

FINANCIAL SUPERVISION AUTHORITY**CONSOLIDATED ANNUAL REPORT SRR 2020**

(pursuant to §60 sec.2 of the Regulation in relation to current and periodical reports)
for issuers of securities managing production, construction, trade and services activities

for financial year 2020 from 2020-01-01 to 2020-12-31
including consolidated annual financial statement according to IRS approved in the EU
in currency PLN
date of publication 2021-04-30

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

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2020	2019	2020	2019
I. Net revenues from sales of products, goods and materials	1,536,753	1,437,423	343,470	334,145
II. Profit (loss) on operating activities	191,561	143,383	42,815	33,331
III. Gross profit (loss)	164,254	142,369	36,711	33,095
IV. Net profit (loss)	120,631	104,846	26,961	24,373
V. Cash flows from operating activities	308,205	168,964	68,885	39,278
VI. Cash flows from investing activities	-111,299	-34,373	-24,876	-7,990
VII. Cash flows from financing activities	-74,727	-58,385	-16,702	-13,572
VIII. Total net cash flows	122,179	76,206	27,307	17,715
IX. Total assets	2,003,558	1,842,711	434,159	432,714
X. Liabilities and provisions for liabilities	905,011	871,955	196,111	204,756
XI. Non-current liabilities	252,430	257,351	54,700	60,432
XII. Current liabilities	652,581	614,604	141,410	144,324
XIII. Equity	1,098,547	970,756	238,049	227,957
XIV. Share capital	8,133	8,133	1,762	1,910
XV. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XVI. Earnings (losses) per single share (PLN/EURO)	14.83	12.89	3.31	3.00
XVII. Diluted earnings (losses) per single share (PLN/EURO)	14.83	12.89	3.31	3.00
XVIII. Book value per single share (PLN/EURO)	135.07	119.36	29.27	28.03
XIX. Diluted book value per single share (PLN/EURO)	135.07	119.36	29.27	28.03

(An auditor entitled to audit financial statements)

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 31.12.2020: 4.4742;
 Arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2019 to 31.12.2019: 4.3018;
 The balance sheet items were presented based on NBP average exchange rates as of the end of the period:
 31.12.2020: 4.6148;
 31.12.2019: 4.2585.

ANNUAL REPORT INCLUDES:

File	Description
SzBSSFgKComarch2020.xhtml	Report of an Auditor authorized to audit Financial Statements- attachment no. 1a
SzBSSFgKComarch2020.xhtml.XAdES	Report of an Auditor authorized to audit Financial Statements- attachment no. 1b
SRR 2020 Pismo Prezesa Zarządu.xhtml	Letter of the President of The Management Board- attachment no. 2a
SRR 2020 Pismo Prezesa Zarządu.xhtml.XAdES	Letter of the President of The Management Board- attachment no. 2b
esef-SRR-Skonsolidowane-sprawozdanie_finansowe.zip	Consolidated Financial Statement- attachment no. 3a
esef-SRR-Skonsolidowane-sprawozdanie_finansowe.zip.BES.XAdES.xades	Consolidated Financial Statement- attachment no. 3b
SRR 2020 Sprawozdanie Zarządu.xhtml	Report of the Management Board- attachment no. 4a
SRR 2020 Sprawozdanie Zarządu.xhtml.BES.XAdES.xades	Report of the Management Board- attachment no. 4b
SRR 2020 Oświadczenie Rady Nadzorczej w sprawie komitetu audytu.xhtml	Supervisory Board's statement regarding the Audit Committee - attachment no. 5
SRR 2020 Ocena przez Radę Nadzorczą zgodności sprawozdania.xhtml	Assessment by the Supervisory Board of the compliance of the consolidated financial statements- attachment no. 6
SRR 2020 Informacja Zarządu w sprawie wyboru firmy audytorskiej.xhtml	Information of the Management Board regarding the selection of the auditor- attachment no. 7a
SRR 2020 Informacja Zarządu w sprawie wyboru firmy audytorskiej.xhtml.BES.XAdES.xades	Information of the Management Board regarding the selection of the auditor- attachment no. 7b
SRR 2020 Oświadczenie Zarządu w sprawie rzetelności sporządzenia.xhtml	The Management Board's statement regarding the reliability of the financial statement- attachment no. 8a
SRR 2020 Oświadczenie Zarządu w sprawie rzetelności sporządzenia.xhtml.BES.XAdES.xades	The Management Board's statement regarding the reliability of the financial statement- attachment no. 8b
SRR 2020 Oświadczenie o stosowaniu ładu korporacyjnego.xhtml	Report regarding Corporate Governance Principles- attachment no. 9a
SRR 2020 Oświadczenie o stosowaniu ładu korporacyjnego.xhtml.BES.XAdES.xades	Report regarding Corporate Governance Principles- attachment no. 9b
2020 Sprawozdanie na temat informacji niefinansowych.xhtml	Non-financial Data Report- attachment no. 10a
2020 Sprawozdanie na temat informacji niefinansowych.xhtml.BES.XAdES.xades	Non-financial Data Report- attachment no. 10b

Krakow, 30th of April, 2021

Dear Shareholders,

I am pleased to announce to you today that the Comarch Group achieved record financial results in the challenging year 2020. Sales revenue significantly exceeded PLN 1.5 billion, operating profit amounted to PLN 191.6 million, while the net profit attributable to the parent company's shareholders was PLN 120.6 million. The operating margin in 2020 was 12.5%, and the net margin was 7.8%. The achievement of these results was possible thanks to the very good diversification of the Group's operations, a wide product offer, and the ability to efficiently adapt to a rapidly changing environment, which was particularly important in the conditions of a global pandemic.

In 2020, the Comarch Group successfully continued its growth strategy based on the development of proprietary IT products for many industries and selling them on international markets. Last year there was an increase in revenue from the sales of Comarch's software and related services, but the situation in individual business areas has changed significantly. The Group's business developed steadily both in Poland, and on foreign markets, especially in Asia and Western Europe, it developed much faster than in Poland. Solutions for financial and telecommunications sectors, ERP systems, as well as solutions for public sector enjoyed particular interest from customers. Thanks to the wide and comprehensive offer of modern IT solutions and high-quality services, the Comarch Group strengthened its position in 2020 as a leading Polish software producer and one of the most prominent IT suppliers in the world. Thanks to the global sales network that has been operating for many years, the Comarch Group was able - despite the pandemic and related limitations - to successfully develop the sales of its solutions in new markets. A visible effect of these actions was the signing last year of the largest contract in the history of the Comarch Group, worth over PLN 300 million, with a telecommunications operator from New Zealand.

In 2020, the Comarch Group continued the intensive development and improvement of new and existing IT products. Expenditures for research work exceeded PLN 260 million, which represents over 17% of the Company's sales revenue - these key investments being financed primarily from the Company's own funds. The Comarch Group intensively developed a new generation of telecommunications systems dedicated to 5G technology, e-commerce solutions, ERP systems, IT solutions for the financial sector and the Internet of Things. In 2020, the Comarch Group invariably focused on the development of IT solutions in the service model as one of the market leaders in this field. In order to accelerate the development in the area of e-Health, last year the Comarch Group acquired 2CSI, a French IT company that has been providing solutions for this sector for many years. In addition, 2020 saw the composition of the Group completed by a newly established subsidiary - Comarch New Zealand LTD.

Last year the Comarch Group was a stable employer. In 2020, the number of employees increased by 114, and at the end of the year the Group employed 6,462 people worldwide. As every year, the program of summer student internships was very popular, thanks to which Comarch is perceived as the first-choice employer on the labour market in the IT industry.

The Management Board of the Comarch Group makes efforts to effectively implement the mission of globally disseminating innovative technical thought created in Poland. In addition to its business activities, the Comarch Group implements a corporate social responsibility policy and is involved in activities for environmental protection and the preservation and reconstruction of national heritage, actively supports non-governmental organizations and charity campaigns, and is a patron of culture, art and sport.

The past year has proved that the Comarch Group was and is very well prepared to operate even in conditions of economic slowdown caused by the Covid-19 pandemic. I am convinced that the Comarch Group will, in the coming year as well, be able to strengthen its market position as a global provider of IT solutions, thanks to a very good current financial situation, the significant product, industry and geographical diversification of its offer, and the high commitment of employees.

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

Report of the Independent Auditor from the Audit for the General Meeting and the Supervisory Board of Comarch S.A.

Report from the audit of the annual financial statement

Opinion

We have audited the annual consolidated financial statement of the capital group, in which the parent company is Comarch S.A. ("Parent Company", "Company") ("Capital Group") containing consolidated balance sheet as at 31st of December, 2020 and consolidated profit and loss account and losses, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year ended on that day and additional information including a description of the accounting principles adopted and other information clarifying ("consolidated financial statement").

In our opinion, attached consolidated financial statement:

- presents a reliable and clear picture of the Group's consolidated property and financial situation as at 31st of December, 2020 and its consolidated financial result and consolidated cash flows for the financial year ended on that day in accordance with those applicable International Financial Reporting Standards approved by the Union European and accepted accounting principles (policy);
- agrees on the form and content with the applicable law and the Articles of Association of the Parent Company.

This opinion is consistent with the additional report for the Audit Committee that we have issued as of the date of this report.

Basis of the opinion

We conducted our research in accordance with the International Standards of Research as adopted as National Standards of Research by the National Council of Expert Auditors ("KSB") and in accordance with Act of 11th of November, 2017 on Expert Auditors, Audit Firms and Public Supervision ("Act on Expert Auditors" - Journal of Laws of 2020, item 1415) and EU Regulation No. 537/2014 of 16th of April, 2014 on Detailed Statutory Requirement Audits of Financial Statements of Public-Interest Entities ("EU Regulation" - Journal of Laws of the EU L158). Our liability in accordance with these standards is further described in our section Auditor's Responsibility for Auditing the Consolidated Financial Statements.

We are independent of the Group companies in accordance with the Code of Ethics for Professional Accountants International Federation of Accountants including International Standards for independency) adopted by the resolutions of the National Council of Experts Auditors ("IFAC Code") and other ethical requirements that apply to the audit of reports financial in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, a key expert auditor and an audit company they remained independent of the Parent Company in accordance with the independence requirements set out in the Act on Expert Auditors and in the EU Regulation.

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

Key research matters

The key matters of investigation are matters that, according to our professional judgment, were the most significant during the audit of the consolidated financial statement for the current period reporting. They include the most significant assessed significant risks distortions, including assessed risks of material misstatement due to fraud. We referred to these matters in the context of our audit of the consolidated report as a whole and when formulating our opinion and summarized our response to

these types of risks, and in those cases in which we deemed it appropriate we presented the most important observations related to these types of risk.

We do not express a separate opinion on these matters.

1. Revenue from contracts with customers

Key research matter

Sales revenue for the year ended 31st of December, 2020 amounted to PLN 1,536,753 thousand. A significant part of the revenue realized by the Capital Group were revenue from the execution of IT implementation contracts, which are recognized by the Capital Group in accordance with the guidelines of IFRS 15 "Revenue from contracts with customers". The value of revenue recognized on this account is PLN 638,796 thousand, which accounts for 41.6% of the Group's revenue. For the settlement of long-term implementation contracts, the Capital Group uses the method of the degree of advancement, measured as the proportion of costs incurred until the balance sheet date in relation to the estimated total costs.

The issue was recognized as the key area of the audit due to the significant value of revenue recognized in the fulfilment of the obligation to perform the service and due to the complex nature of the valuation process based on significant estimates of the Parent Company's Management Board.

Disclosures in the financial statement

Details of the accounting policy applied by the Group in the field of recognizing revenue are disclosed in note 2.2 of the additional notes to the consolidated financial statement.

Additional information can be found in note 3.15. of additional notes to the consolidated financial statement.

Auditor procedures in response to the identified risk

As part of the audit of the consolidated financial statement of the Comarch Capital Group, we reviewed the adopted accounting policy in the field of recognizing and recognizing sales revenue in terms of compliance with the regulations of relevant accounting standards.

In particular, we performed procedures to understand and evaluate the internal controls that the Parent Company implemented in relation to the valuation of long-term contracts.

During the course of the audit, we also performed the following procedures to address the identified risks:

- we assessed how the budgets used to calculate revenue are analysed and updated, and finally accepted;
- we reconciled the actual data from the books up to the last day of the audited period with the updated data in the budgets as at the valuation date;
- we analysed the consistency of budget structure through mutual comparisons and arrangements to actual subcontracting contracts;
- we performed an analysis of the mathematical correctness of the calculation of all long-term contracts in terms of their mutual consistency and assessment of the risk of creating a provision for contract loss;
- in the case of contracts carried out over a period longer than a year, the budgets of revenue and costs in these periods were compared and the compliance of changes in the budget amount with the source documentation for the selected sample was assessed, and changes in the value of the assumed margin on the contract were explained;
- for contracts with a high degree of cost involvement, information was obtained on the progress of works;

- for the selected sample contracts (including the largest contracts) the detailed procedures were performed to compare the data originating from the sheet with the data from the customer contract.

2. Risk related to work-in-progress

Key research matter

Work-in-progress are capitalized costs associated with creating new or upgrading existing software. The value of production in progress as at 31st of December, 2020 is PLN 74,814 thousand and represents 4.1% of the consolidated balance sheet total.

In accordance with the accounting policy, capitalized costs should be recognized as an item in total income in the period not longer than 36 months from the date of their payment in the form of a cost of sales or write-down.

The issue was considered a key audit matter in connection with the possible omission of recognition of capitalized costs for work in progress in the result of the relevant period - in accordance with the accounting policy adopted by the Group and the capitalization of costs that may not generate economic benefits, in accordance with the assumptions adopted by the Management Board of the Parent Company as to the possibility of future use of the effects of production in progress.

Disclosures in the financial statement

The applied accounting policy regarding capitalization of costs of work-in-progress was disclosed by the Company in the additional notes to the consolidated financial statement in note 2.1.6.

Additional information is included in the additional notes to the consolidated financial statement in note 3.13.

Auditor procedures in response to the identified risk

As part of the audit procedures of the consolidated financial statement of the Capital Group:

1. accounting policy records have been verified,
2. a list of items treated as work-in-progress was obtained, with reference to periods of incurring capitalized costs,
3. the correctness of applying the adopted accounting principles was assessed in the scope of:
 - recognizing the cost of sales of capitalized costs in other total incomes in connection with obtaining revenues from the sale of software,
 - compliance with the adopted accounting policy, recognized in other total income capitalized costs in case the software is in the development phase (planned write-offs),
 - explanations of the Parent Company's Management Board regarding factors causing delays in the individual settlement position, as well as plans and prospects for the settlement of these items in the future.
4. rated for significant production items in the course of capacity to generate economic benefits,
5. rated correctness and completeness of required disclosures in the consolidated financial statement.

3. Goodwill - impairment analysis

Key research matter

In accordance with the IFRS regulations, the Group is required to conduct an annual impairment test goodwill.

The test for impairment was a key issue of the study due to the annual obligation test for loss of value by the Management Board of the Company. The company values subject to tests amount to PLN

45,774 thousand, which is 2.3% of the balance sheet total and is significant for the consolidated financial statement.

The goodwill impairment test is based on significant assumptions and estimates prepared by Management such as the Group's strategy, future revenues, costs and cash flows, weighted average cost of capital ("WACC"). As a result, the future implementation of these assumptions depends on expectations with respect to future ones market and economic conditions, thus being exposed to a significant risk of distortion.

Disclosures in the financial statement

The applied accounting policy regarding the goodwill of subsidiaries has been disclosed by the Company in the additional notes to the consolidated financial statement, in note 2.1.5 and 2.5.5. Additional information can be found in note 3.6. of additional notes.

Auditor procedures in response to the identified risk

As part of the audit procedures of the consolidated financial statement of the Capital Group:

1. we have made a critical evaluation of the impairment test process,
 2. we assessed the identification of the cash generating unit,
 3. we have analysed the key assumptions of the test,
 4. we tested the test for its mathematical correctness,
 5. we have verified the applied discount rates,
 6. we assessed the Company's analysis of the sensitivity of the test to key input factors model,
 7. we have assessed the correctness and completeness of the required disclosures in the consolidated financial statement.
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Responsibility of the Management Board and the Supervisory Board for the financial statement

The Management Board of the Parent Company is responsible for preparing the consolidated financial statement which provide a reliable and clear picture of the property and financial situation and result in accordance with the International Financial Reporting Standards approved by the European Union, accepted accounting principles (policy) and the Group's legal regulations and articles of association, as well as internal control, which the Management Board of the Parent Company considers necessary to enable preparation of consolidated financial statement not causing material distortion due to fraud or mistake.

When preparing consolidated financial statement, the Management Board of the Parent Company is responsible for assessing the Group's ability to continue its activities, disclosing if applicable, matters related to the continuation of activities, and adoption of the continuation principle as an accounting basis, except when the Management Board intends to do so liquidation of the Group, either abandon business or there is no real alternative to its liquidation or discontinuation of activities.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statement meets the requirements provided for in the Act of 29th of September, 1994 on accounting ("Accounting Act" - Journal of Laws of 2021, Pos. 217). The members of the Supervisory Board of the Parent Company are responsible for supervision the financial reporting process.

Auditor's responsibility for auditing the financial statement

Our goals are to gain reasonable assurance whether the consolidated financial statement as the whole does not contain significant distortion caused by fraud or error and release test reports containing our opinion. Rational certainty is a high level certainty, but it does not guarantee that the test carried out in accordance with the KSB will always detect existing significant distortion. Distortions can arise from

fraud or error and are considered to be important if it can reasonably be expected that one or both of them could affect business decisions of users undertaken on the basis of this consolidated financial statement.

The concept of materiality is used by the auditor both in planning and conducting the study as well as when assessing the impact of the distortions detected during the study, and uncorrected misstatements, if any, on the financial statement, as well as on formulating the auditor's opinion. Therefore, all opinions and statements contained in the audit report are expressed in terms of quality and value the level of significance determined in accordance with the auditor's standards and the professional judgment of an expert auditor.

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

We use professional judgment while maintaining a professional scepticism, and:

- we identify and assess the risks of material misstatement of the consolidated financial statement due to fraud or error, we design and carry out procedures research corresponding to these risks and we obtain audit evidence that is sufficient and appropriate to form the basis for our opinion. The risk of not finding a significant distortion resulting from the fraud is greater than that resulting from the error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we gain an understanding of the internal control appropriate for the study to be designed audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we assess the appropriateness of the accounting principles (policy) used and the reasonableness of the estimates accountants and related disclosures made by the Management Board of the Parent Company;
- we draw a conclusion on the appropriateness of the Parent Company Management Board's application the continuity of activities' principle as the accounting basis and, based on the obtained evidence of audit whether there is a significant uncertainty related to events or conditions that may be subject to significant doubt to the Group's ability to continue its activities. If we come to the conclusion that there is a significant uncertainty, it is required to pay attention to us in our auditor's report on related disclosures in the consolidated financial statement or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on evidence of audit obtained up to the date of our preparation the auditor's reports, however future events or conditions may cause that the Group will cease its operations;
- we assess the overall presentation, structure and content of the consolidated financial statement, including disclosure, and whether the consolidated financial statement presents, being their basis, transactions and events, in a manner that ensures a fair presentation;
- we obtain sufficient relevant audit evidence about financial information units or business activities within the Group to express an opinion on the consolidated financial statement. We are responsible for management, supervision and conducting the Group's audit and we remain solely responsible for our opinion from the audit.

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

We submit a declaration to the Supervisory Board of the Parent Company that we have observed applicable laws ethical requirements for independence and that we will inform them about all connections and other matters that could be reasonably considered to pose a threat to our independence, and where applicable, we inform about the applied securities.

From among the matters forwarded to the Supervisory Board of the Parent Company, we have established those matters which were the most significant during the audit of the consolidated financial statement as current reporting period and that is why we considered them key issues of the audit. We describe these matters in our auditor's report, unless laws or regulations prohibit us to disclose them

publicly or when, in exceptional circumstances, we determine that the issue should not be presented in our report, because it would be reasonable to expect that the negative consequences would outweigh the benefits of such information to the public interest.

Other information, including an activity report

Other information includes a report on the Group's activities for the financial year ended 31st of December, 2020 ("Activity Report") together with a statement on corporate governance referred to in Art. 49b (1) of the Accounting Act, which is a separate part of this report ("Other information") ("Annual Report").

Responsibility of the Management Board and the Supervisory Board of the Parent Company

The Management Board of the Parent Company is responsible for preparing Other Information in accordance with the law. The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are obliged to ensure that the Report on the Group's activities along with the separated part meet requirements provided for in the Accounting Act.

Responsibility of the auditor

Our opinion on the audit of the consolidated financial statement does not include Other information. In connection with the audit of the consolidated financial statement, our duty is getting acquainted with Other information, and by doing so, considering whether Other information is not significant inconsistent with the consolidated financial statement or our knowledge gained during the audit, or otherwise appear to be significantly distorted. If based on the work done, we find out significant distortions in other information, we are obliged to inform you in our audit report. Our duty in accordance with the requirements of the Act on Expert Auditors is also issuing an opinion or report whether the Group's activities has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statement. Also we are required to give an opinion on whether the Group has included the required information in a statement on the application of corporate governance.

We obtained a report on the Group's activities before the date of this audit report, and the Annual Report will be available after this date. In the case when we find a significant distortion in the Annual Report we are obliged to inform the Supervisory Board of the Parent Company.

Opinion on the Report on activities

Based on the work carried out during the audit, in our opinion, the Report on the Group's activities:

- it has been drawn up in accordance with Article 49 of the Accounting Act and paragraph 71 of the Regulation Minister of Finance of 29th of March, 2018 regarding current and periodic information provided by issuers of securities and conditions for recognition as equivalent to information required by the laws of a non-state member ("Regulation on current information" - Journal of Laws of 2018, item 757);
- is consistent with the information contained in the consolidated financial statement.

In addition, in the light of knowledge about the Group and its surroundings obtained during our audit, we declare that we have not identified material misstatements in the Group's Report on the Group's activities.

Opinion on the statement on the application of corporate governance

In our opinion, the Group has all information in the statement on the application of corporate governance referred to in paragraph 70, paragraph 6 point 5 of the Regulation on current information. In addition, in our opinion, the information indicated in paragraph 70 para. 6 point 5 lit. c-f, h and i of this Regulation included in the statement on the application of corporate governance are in accordance with applicable provisions and information contained in the consolidated financial statement.

Report on other legal and regulatory requirements

Opinion on the compliance of the consolidated financial statement prepared in the uniform electronic reporting format with the requirements of the regulation on technical standards regarding the specification of the uniform electronic reporting format

In connection with the audit of the consolidated financial statement, we were engaged to perform a reasonable assurance service to express an opinion on whether the Group's consolidated financial statement for the year ended 31st of December, 2020 prepared in a uniform electronic reporting format included in the file named esef-SRR-Consolidated-financial_report.zip ("consolidated financial statement in ESEF format") has been labelled in accordance with the requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17th of December, 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory standards technical specifications on the specifications of the single electronic reporting format and other regulation of the Commission (EU) with regard to updating the taxonomy to be used for the purpose of the single electronic reporting format, hereinafter referred to as the "Regulation on the ESEF" and meets the technical requirements for the specification of a uniform electronic reporting format, which are set out in these regulations.

Identification of criteria and description of the subject of the service

The consolidated financial statement in the ESEF format has been prepared by the Management Board of the Parent Company in order to meet the labelling requirements and technical requirements for the specification of a uniform electronic reporting format, which are set out in the ESEF Regulation.

The subject of our assurance service is the compliance of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation, and, in our opinion, the requirements set out in these regulations constitute appropriate criteria for our opinion.

Responsibility of the Management Board and Supervisory Board of the Parent Company

The Management Board is responsible for the preparation of the consolidated financial statement in the ESEF format in accordance with the labelling requirements and the technical requirements for the specification of a uniform electronic reporting format, which are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy specified in these regulations.

The responsibility of the Management Board also includes the design, implementation and maintenance of the internal control system ensuring the preparation of consolidated financial statements in the ESEF format free from material non-compliance with ESEF requirements.

Members of the Supervisory Board of the Parent Company are responsible for overseeing the financial reporting process, including the preparation of financial statements in accordance with the format resulting from applicable law.

Responsibility of the statutory auditor

Our goal was to express an opinion, based on the assurance service that provides reasonable assurance, whether the consolidated financial statement in the ESEF format has been marked in accordance with the requirements of the ESEF Regulation and comply with the technical standards regarding the specification of a uniform electronic reporting format set out in these regulations.

We have performed the service in accordance with the National Standard on Assurance Services Other than Audit and Review 3000 (Z) in the wording of the International Standard on Assurance Services 3000 (amended) - "Assurance services other than audits or reviews of historical financial information", (hereinafter: "KSUA 3000 (Z) "). This standard requires the auditor to plan and perform procedures to obtain reasonable assurance that the consolidated financial statement in the ESEF format have been prepared in accordance with specific criteria.

Reasonable certainty is a high level of assurance, but it does not guarantee that the service performed in accordance with KSUA 3000 (Z) will always detect the existing material misstatement.

The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor shall consider the internal control related to the preparation of the consolidated financial statements in the ESEF format in order to plan appropriate procedures to provide the auditor with sufficient evidence appropriate to the circumstances. The assessment of the functioning of the internal control system was not carried out in order to express an opinion on the effectiveness of its operation.

Summary of the work performed

The procedures planned and carried out by us included, among others:

- obtaining an understanding of the process of preparing consolidated financial statement in the ESEF format, including the process of selecting and applying the XBRL markers by the Company and ensuring compliance with the ESEF Regulation, including understanding of the internal control mechanisms related to this process;
- reconciliation of tagged information contained in the consolidated financial statement in the ESEF format to the audited consolidated financial statement;
- using specialized IT tools, assessment of compliance with the technical standards regarding the specification of a single electronic reporting format, including the use of XHTML;
- assessment of the completeness of the marking of information in the consolidated financial statement in the ESEF format with XBRL tags;
- assessment of whether the applied XBRL tags from the taxonomy specified in the ESEF Regulation have been properly applied and that the taxonomy extensions have been used in situations where no relevant elements have been identified in the basic taxonomy specified in the ESEF Regulation;
- assessment of the correctness of anchoring the applied taxonomy extensions in the basic taxonomy specified in the ESEF Regulation.

Declaration on services provided that are non-audit of financial statement

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Art. 5 section 1 of the EU regulation and art.136 of the Act on Expert Auditors.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the assurance engagement.

Ethical requirements, including independence

In performing the service, the statutory auditor and the audit firm complied with the independence and other ethical requirements set out in the IFAC Code. The IFAC Code is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also complied with other independence and ethical requirements that apply to this assurance engagement in Poland.

Quality control requirements

The audit firm applies the national quality control standards in the wording of the International Standard on Quality Control 1 - "Quality control of companies conducting audits and reviews of financial statements and performing other assurance and related services orders" adopted by a resolution of the National Council of Statutory Auditors (hereinafter "KSKJ").

In accordance with the requirements of the KSKJ, the audit firm maintains a comprehensive quality control system that includes documented policies and procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

The auditor's opinion is based on the matters described above and the opinion should therefore be read with these considerations in mind.

In our opinion, the consolidated financial statement in the ESEF format have been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

Non-audit services statement

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Group comply with the laws and regulations in force in Poland and that we have not provided non-audit services that are prohibited under Art. 5 (1) of the EU Regulation and Article 136 of the Act on statutory auditors.

The non-audit services that we provided to the Group in the audited period are listed in Note 27 to the Report on the Activities.

Choosing an auditing company

We have been selected to audit the financial statements with a resolution of the Company's Supervisory Board of 29th of May, 2017 and again 27th of May, 2019. The Group's consolidated financial statements are audited continuously starting from the financial year ended 31st of December, 2017, that is for the subsequent four years.

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

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

on behalf of which the key expert auditor operates

*Signed by a qualified
electronic signature*

Marcin Krupa

Expert auditor
No. in the register 11142

*Signed by a qualified
electronic signature*

doctor André Helin

President of the Management Board of the
General Partner
Expert auditor, no. in the register 90004

Krakow, 30th of April, 2020



COMARCH

COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 01.01.2020 – 31.12.2020

**Financial Statement Prepared Compliant
with International Financial Reporting Standards**

Krakow, 30th of April, 2021

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COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 12 MONTHS ENDED 31 DECEMBER 2020

I. Consolidated Balance Sheet

ASSETS	Note	31 December 2020	31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	3.3	582,158	539,635
Right-of-use assets	3.4	88,222	73,636
Investment in real estates	3.5	39,874	36,631
Goodwill	3.6	45,774	40,735
Other intangible assets	3.7	55,528	56,311
Non-current prepayments	3.8	1,298	2,486
Investments in associates	3.9	-	570
Other assets at fair value	3.11a	597	2,739
Other investments		216	211
Deferred income tax assets	3.12	35,864	35,002
Other non-current receivables		7,042	8,782
		856,573	796,738
CURRENT ASSETS			
Inventories	3.13	88,115	90,741
Trade and other receivables	3.14	429,858	430,182
Current income tax receivables		1,430	3,554
Long-term contracts receivables	3.15	157,441	193,865
Available-for-sale financial assets	3.10	20,001	-
Other financial assets at fair value – derivative financial instruments	3.11a	2,119	4,923
Cash and cash equivalents	3.17	448,021	322,708
		1,146,985	1,045,973
TOTAL ASSETS		2,003,558	1,842,711

EQUITY AND LIABILITIES	Note	31 December 2020	31 December 2019
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.18	8,133	8,133
Supplementary capital from sales of shares over their nominal value	3.19	84,446	84,446
Other capitals		58,595	58,595
Exchange differences		29,653	10,168
Retained earnings and net profit for the current period		899,212	790,781
		1,080,039	952,123
Equities attributable to non-controlling interests		18,508	18,633
TOTAL EQUITY		1,098,547	970,756
LIABILITIES			
Non-current liabilities			
Credits and loans	3.20	116,760	141,718
Other liabilities		6,305	4,998
Lease liabilities	3.21	75,145	59,001
Financial assets at fair value – derivative financial instruments	3.11b	5,639	2,909
Provision for deferred income tax	3.12	46,778	48,725
Provisions for other liabilities and charges	3.23	1,803	-
		252,430	257,351
Current liabilities			
Trade and other payables	3.24	216,128	191,770
Current income tax liabilities		24,794	8,765
Long-term contracts liabilities	3.15	147,651	172,831
Credits and loans	3.20	40,176	41,091
Lease liabilities	3.21	19,142	15,730
Financial assets at fair value – derivative financial instruments	3.11b	3,820	-
Other financial liabilities	3.22	5,249	4,009
Provisions for other liabilities and charges	3.23	195,621	180,408
		652,581	614,604
Total liabilities		905,011	871,955
TOTAL EQUITY AND LIABILITIES		2,003,558	1,842,711

II. Consolidated Income Statement

	Note	12 months ended 31 December 2020	12 months ended 31 December 2019
Revenue	3.26	1,536,753	1,437,423
Cost of sales	3.27	(1,086,229)	(1,016,698)
Gross profit		450,524	420,725
Other operating income	3.28	54,259	34,320
Sales and marketing costs		(143,874)	(145,545)
Administrative expenses		(121,024)	(127,937)
Other operating expenses	3.29	(48,324)	(38,180)
Operating profit		191,561	143,383
Finance revenue/(costs)-net	3.30	(27,307)	(1,014)
Profit before income tax		164,254	142,369
Income tax expense	3.31	(43,761)	(36,851)
Net profit for the period		120,493	105,518
Attributable to:			
Parent Company's shareholders		120,631	104,846
<i>Non-controlling interests</i>		<i>(138)</i>	<i>672</i>
		120,493	105,518
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)			
– basic	3.33	14.83	12.89
– diluted	3.33	14.83	12.89

III. Total Income Consolidated Statement

	12 months ended 31 December 2020	12 months ended 31 December 2019
Net profit for the period	120,493	105,518
Other total income		
Currency translation differences from currency translation in related parties	19,498	1,330
Other total income	19,498	1,330
Sum of total income for the period	139,991	106,848
Attributable to the Parent Company's shareholders	140,116	106,177
Attributable to the non-controlling interests	(125)	671

Other total income comprises items, which may be transferred to income statement in the following periods.

IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the parent company					Capitals attributable to non-controlling interests	Total equity
	Share capital	Share capital from sales of shares over their nominal value	Other capitals	Exchange differences	Retained earnings and net profit / (loss) for the current period		
Balance at 1 January 2019	8,133	84,446	58,595	8,837	698,135	17,962	876,108
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	-	1,331	-	(1)	1,330
Profit for the period ⁽²⁾	-	-	-	-	104,846	672	105,518
Total income recognised in equity ⁽¹⁺²⁾	-	-	-	1,331	104,846	671	106,848
Balance at 31 December 2019	8,133	84,446	58,595	10,168	790,781	18,633	970,756
Balance at 1 January 2020	8,133	84,446	58,595	10,168	790,781	18,633	970,756
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	-	19,485	-	13	19,498
Profit for the period ⁽²⁾	-	-	-	-	120,631	(138)	120,493
Total income recognised in equity ⁽¹⁺²⁾	-	-	-	19,485	120,631	(125)	139,991
Balance at 31 December 2020	8,133	84,446	58,595	29,653	899,212	18,508	1,098,547

Pursuant to the resolution of the Comarch S.A. Annual General Meeting hold at the 24th of June, 2020, the net profit for 2019 was partly allocated for dividend for shareholders outside the Group. Details are described in point 3.19.1. As at the 31st of December, 2020, in subsidiaries of the Group, there is no reason to make dividend payments for 2019 to entities outside the Group.

V. Consolidated Cash Flow Statement

	12 months ended 31 December 2020	12 months ended 31 December 2019
Cash flows from operating activities		
Net profit	120,493	105,518
Total adjustments	216,188	100,368
Depreciation	86,291	84,929
Exchange gains (losses)	11,331	2,906
Interest and profit-sharing (dividends)	2,259	3,632
Profit (loss) on investing activities	(3,976)	(10,187)
Change in inventories	13,782	3,441
Change in receivables	67,500	(6,908)
Change in liabilities and provisions excluding credits and loans	39,001	22,555
Net profit less total adjustments	336,681	205,886
Income tax paid	(28,476)	(36,922)
Net cash from operating activities	308,205	168,964
Cash flows from investing activities		
Purchases of property, plant and equipment	(87,818)	(44,965)
Proceeds from sale of property, plant and equipment	912	4,054
Purchases of intangible assets	(8,229)	(8,825)
Proceeds from sales of investment in intangible assets	10,127	10,396
Expenses for acquisition of financial assets	(30,454)	-
Expenses for investment in real estates	(4,046)	(2,554)
Repayment of granted loans	7,214	1,900
Interest on granted loans	626	338
Proceeds from financial instruments	647	3,354
Expenses for financial instruments	(278)	-
Proceeds from financial assets	-	1,929
Net cash used in investing activities	(111,299)	(34,373)
Cash flows from financing activities		
Proceeds from credits and loans	4,696	10,774
Repayments of credits and loans	(45,506)	(41,685)
Interest on the loan and credits	(2,765)	(3,295)
Proceeds from repaid loans	-	2,050
Proceeds from interest on loans	-	121
Other financial liabilities (loans granted)	-	(323)
Dividend and expenses due to profit sharing but other than those to owners	(12,200)	(12,200)
Payments of liabilities in relation to finance lease agreements	(21,249)	(19,559)
Other financial proceeds	2,297	5,732
Net cash used in financing activities	(74,727)	(58,385)
Net change in cash, cash equivalents and bank overdrafts	122,179	76,206
Cash, cash equivalents and bank overdrafts at beginning of the period	322,702	245,906
Positive (negative) exchange differences in cash and bank overdrafts	3,140	590
Cash, cash equivalents and bank overdrafts at end of the period	448,021	322,702
- including limited disposal	3,378	2,986

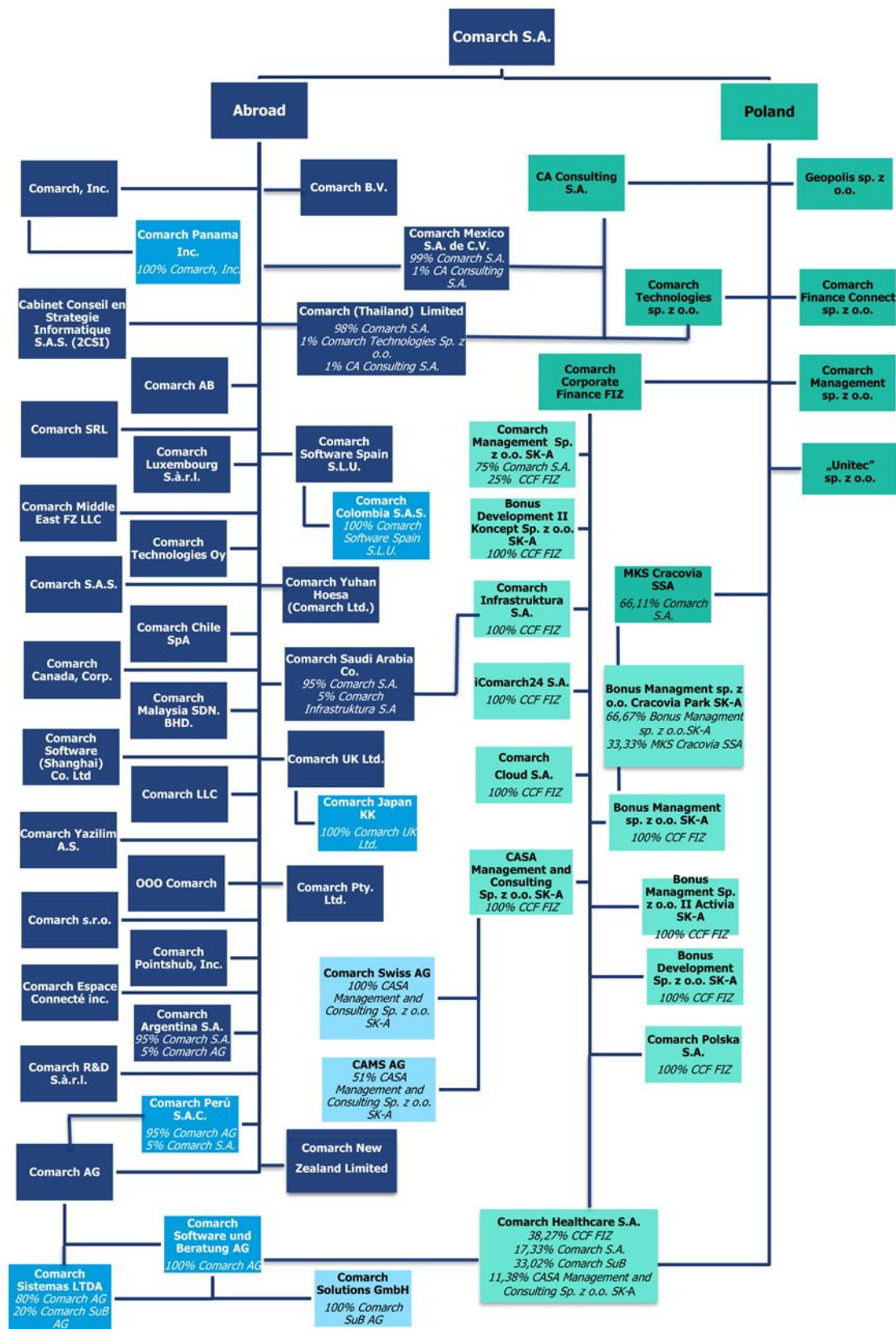
*) It comprises depreciation of right-of-use assets resulting from applying IFRS 16 (details in point 2.6).

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 a Parent Company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, 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 revenue 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. Organisational Structure of Comarch Group



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

On the 31st of December, 2020, associate of the parent company was:

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

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

1.2. Activities Structure in the Comarch Group

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them,
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., Comarch Pty. LTD, Comarch Software (Shanghai) Co. Ltd, Comarch New Zealand LTD and LLC „Comarch Software” acquire IT contracts in foreign markets and execute them in their entirety or in part,
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG,
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- CABINET CONSEIL EN STRATEGIE INFORMATIQUE S. A. S. provides IT solutions and services for medical entities on the French market,
- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part,
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software,
- CA Consulting S.A. specialises in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor,
- Comarch Cloud S.A., acquire IT contracts in domestic markets and execute them in their entirety or in part,
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market,
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A and Bonus Management sp. z o.o. II Activia SK-A, Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT,
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates,
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine
- Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing,
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group,
- 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,
- Comarch Finance Connect Sp. z o.o. does not operate, conducts proceedings to obtain an entry in the register of payment services providers and electronic money issuers,

- Wszystko.pl sp. z o.o. does not operate, conducts proceedings to launch e-commerce website under the name of Wszystko.pl,
- Geopolis sp. z o.o. does not operate, in January, 2021, a petition for bankruptcy has been filed,
- Comarch s.r.o., Comarch Espace Connecté Inc. and CAMS AG are currently not operating.

1.3. Changes in Ownership and Organisational Structure in 2020

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

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

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

On the 16th of April, 2020, an increase in share capital of Comarch SRL was registered.

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. acquired 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares was 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 was EUR 2,100,000 (two million, one hundred thousand euros), i.e. PLN 9,543,240.

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

On the 26th of November, 2020, a subsidiary company Comarch New Zealand LTD was registered in Auckland. The share capital of the company amounts to NZD 50,000 (i.e. PLN 135,660) and consists of 50,000 shares with nominal value of NZD 1 (i.e. PLN 2.71) each. Comarch S.A. owns 100% in share capital and votes of New Zealand LTD.

On the 2nd of December, 2020, the name of the company was changed from Opso sp. z o.o. on Comarch Finance Connect sp. z o.o.

On the 2nd of December, 2020, Comarch S.A. acquired 100% of shares in the company "Unitec" Sp. z o.o. The share capital of "Unitec" sp. z o.o. amounts to PLN 60,000 and is divided into 100 shares with nominal value PLN 600 each. The total value of the transaction was PLN 1,000.

On the 31st of December, 2020, the share capital of Comarch SAS was increased by EUR 3,000,000 (i.e. PLN 13,844,400) to EUR 4,000,000 (i.e. PLN 18 459 200).

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

On the 21st of January, 2021, the Management Board of Geopolis Sp. z o.o. filed an application to the District Court for Toruń, The Fifth Economic Division, for bankruptcy including liquidation of the debtor's assets, i.e. the company. On the 16th of March, 2021, the District Court for Toruń, The Fifth Economic Division, after considering the case at the request of Geopolis sp. z o.o. in Toruń for bankruptcy, decided to secure the debtor's assets by appointing a temporary court supervisor.

On the 10th of March, 2021, the name of the company was changed from Unitec sp. z o.o. to Wszystko.pl sp. z o.o. and the change of the company's office to Kraków.

On the 22nd of March, 2021, a subsidiary company LLC „Comarch Software” was registered in Lvov. The share capital of the company amounts to PLN 14,000. Comarch S.A. owns 100% in share capital and votes of LLC „Comarch Software”.

2. Description of the Applied Accounting Principles

This consolidated financial statement for the 12 months ended the 31st of December, 2020 was prepared pursuant to the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and interpretations published by the Committee for Interpretation of International Financial Reporting, as approved by the European Union.

This financial statement was prepared pursuant to the historical cost principle with the exception of those items that are appraised in another way pursuant to these principles.

Preparation of the statement pursuant to IFRS requires a number of estimates to be done and the application of individual judgement. Note 2.5 presents those areas of the financial statement, which require significant estimates or for which significant judgement is required.

The financial statement was prepared with the assumption of the continuation of commercial activities by the Comarch Group in the foreseeable future. According to Parent Company's management, there are no circumstances suggesting any threat to the continuation of activities.

The Comarch Group prepares its income statement in the calculation version, whereas the cash flow statement is prepared according to the indirect method.

The consolidated financial statement of the Comarch Group for the 12 months ended the 31st of December, 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.	subsidiary	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	100.00% 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
Comarch Chile SpA	subsidiary	full	100%
Comarch Software Spain S.L.U.	subsidiary	full	100%
Comarch Colombia S.A.S.	subsidiary	full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	subsidiary	full	100%
Comarch SRL	subsidiary	full	100%
Comarch Malaysia SDN. BHD.	subsidiary	full	100%
Comarch s.r.o.	subsidiary	full	100%
Comarch Pointshub, Inc.	subsidiary	full	100%
Comarch AB	subsidiary	full	100%
Comarch Argentina S.A.	subsidiary	full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	subsidiary	full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Mexico S.A. de C.V.	subsidiary	full	99% held by Comarch S.A., 1% held by CA Consulting S.A.
Comarch Yuhan Hoesa (Comarch Ltd.)	subsidiary	full	100%
Comarch (Thailand) Limited	subsidiary	full	98% held by Comarch S.A., 1% held by CA Consulting S.A., 1% held by Comarch Technologies sp. z o.o.
Comarch BV	subsidiary	full	100%
Comarch Pty. LTD	subsidiary	full	100%
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	subsidiary	full	100%
Comarch Technologies sp. z o.o.	subsidiary	full	100%
CA Consulting S.A.	subsidiary	full	100%
Geopolis sp. z o.o.	subsidiary	full	100%
Wszystko.pl sp. z o.o. (previously „Unitec” 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% in 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. SKA to be redeemed
Bonus Management sp. z o.o. SK-A	subsidiary	full	100% in total number of investment certificates
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% in total number of investment certificates
Bonus Management sp. z o.o. II Activia SK-A	subsidiary	full	100% in total number of investment certificates
Bonus Development sp. z o.o. II Koncept SK-A	subsidiary	full	100% in total number of investment certificates
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% in total number of investment certificates
Comarch Cloud S.A. (previously Comarch Pointshub S.A.)	subsidiary	full	100% in total number of investment certificates
Comarch Infrastruktura S.A.	subsidiary	full	100% in total number of investment certificates
iComarch24 S.A.	subsidiary	full	100% in total number of investment certificates
CASA Management and Consulting sp. z o.o. SK-A	subsidiary	full	100% in total number of investment certificates
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
Comarch Finance Connect sp. z o.o. (previously Opso sp. z o.o.)	subsidiary	full	100%
MKS Cracovia SSA	subsidiary	full	66.11%

2.1. Methods of Valuation of Assets and Liabilities and the Determination of Financial Results

2.1.1. Segment Information

In the Comarch Group, the 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, 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 and software production, as well as medical equipment for medicine sector (hereinafter referred to as the "Medical segment").

IT segment has a dominant share in sales revenue, 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.

On account of geographical distribution of activities, Comarch Group distinguishes the following market segments: Poland, DACH Region (Germany, Austria, and Switzerland), Other countries. Sport Segment, Investment Segment and Medical Segment carry out their activities exclusively in Poland. Due to the fact that only the IT Segment operates outside of the country and at the same time incurred in the IT segment costs are largely common to export and domestic sales, it is not intentionally to set the result separately for export and domestic activities.

Comarch Group's sales is highly diversified and is not dependent on a single customer. In 2020, the share of none of the contractor exceeded 10% of the sales of Comarch Group.

Over 2019, Comarch Group revenue structure was as follows: 25% of annual sales were achieved in the first quarter, 21% in the second quarter, 23% in the third quarter and 31% in the fourth quarter. Over 2021, the company expects sales revenue to be similar to those in 2020.

2.1.2. Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities), over which Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Acquisitions of companies and the individual parts of the activity are accounted for with the purchase method. The cost of merging companies is evaluated in the aggregated fair value of the assets transferred, born or acquired and capital instruments issued by the Group in return for taking control over the acquired entity. Acquisition-related costs are recognised in profit or loss as incurred.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. All other changes are recognised in accordance with the respective IFRS regulations. Changes in the fair value of the contingent consideration that qualify as equity transactions are not recognised.

Identifiable assets, liabilities and contingent liabilities of the acquire meeting the requirements of recognition in accordance with the IFRS 3 "Merging economic entities" is recognized at fair value as at the day of acquisition, except exclusions in accordance with the IFRS 3.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss.

Goodwill arising on an acquisition of a business is recognised in assets and initially carried at cost, assumed exceed the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. If, after reassessment, the share of the Group in net of the acquisition-date amounts of the identifiable assets, liabilities and contingent liabilities of the acquire, assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss.

Transactions, settlements and unrealised gains on transactions between parties in the Group are eliminated. Unrealised gains are also eliminated, unless a transaction gives evidence for impairment of assets. Accounting principles applied by subsidiaries have been changed everywhere it has been necessary to ensure compliance with accounting principles applied by the Group.

b) Associates

Associates are all entities over which the Group has significant influence but not control; this generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting and are initially recognised as costs. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of the post-acquisition profits or losses of its associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Principles for the Presentation of the Comarch SuB Group within the Financial Statement

Comarch Software und Beratung AG is the parent company for the companies of the Comarch SuB Group and from 2013 has not prepared independently the consolidated financial statement, including data from Comarch Software und Beratung AG and its subsidiaries. Comarch S.A. is the Parent Company of the Comarch Group and prepares directly the consolidated financial statement, including data from Comarch S.A. and all other subsidiaries (including Comarch SuB and its subsidiaries).

2.1.3. Foreign Currency Translation

a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Polish zlotys (PLN), which is the Parent Company's functional and presentation currency.

b) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the

settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale assets, are included in the available-for-sale reserve in equity.

c) Group Companies

The results and financial position of all group entities (none of which operates in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate of the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions); and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of credits and loans and other currency instruments designated as hedges of such investments, are included in shareholder equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

EURO rates used to financial data

NBP average exchange rates

at 31.12.2020	4.6148
at 31.12.2019	4.2585

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

for the period 1.01 - 31.12.2020	4.4742
for the period 1.01 - 31.12.2019	4.3018

Selected currency rates used to financial data

NBP average exchange rates for USD

at 31.12.2020	3.7584
at 31.12.2019	3.7977

NBP average exchange rates for CHF

at 31.12.2020	4.2641
at 31.12.2019	3.9213

NBP average exchange rates for GBP

at 31.12.2020	5.1327
at 31.12.2019	4.9971

NBP average exchange rates for DKK

at 31.12.2020	0.6202
at 31.12.2019	0.5700

NBP average exchange rates for CAD

at 31.12.2020	2.9477
at 31.12.2019	2.9139

2.1.4. Investment**a) Financial Assets and Liabilities at Fair Value through Profit or Loss**

This category comprises two subcategories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges. This type of derivative is classified separately in 'Derivative financial instruments' in the balance sheet. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months from the balance sheet.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. These arise when the Group gives cash, goods or services directly to the debtor, without the intention of introducing its receivables into trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

c) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

d) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are no longer recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets available-for-sale and financial assets carried at fair value, through profit or loss are initially recognised at fair value. Loans, receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Unrealised gains or losses arising from changes in the fair value of the non-monetary securities classified as 'available-for-sale' are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or if a security is unlisted), the Group establishes fair value by using valuation techniques. These comprise the use of recent arm's length transactions, reference to other instruments

that are substantially the same and discounted cash flow analysis and models (commonly regarded as correct) of the valuation of derivative instruments based on input data from the active market.

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each balance sheet date. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.1.5. Non-Current Assets

a) Intangible Assets

Intangible assets are recorded at their acquisition prices less the current redemption as well as possible write-offs due to permanent loss in value. The Group carries out depreciation write-offs using the straight-line method. The following depreciation rates have been adopted:

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

Adopted depreciation rates are related to the estimated useful life of intangible assets, excluding the players' cards (MKS Cracovia SSA), which are depreciated within the period of the agreement signed with a given player.

In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project.

The right of perpetual usufruct of land relating to MKS Cracovia SSA is classified as an intangible asset with an undefined useful life, therefore it is not depreciated. Lands that MKS Cracovia SSA holds in perpetual usufruct are not depreciated, because of an undefined useful life, since the company expects that the perpetual usufruct rights will be renewed without any major costs, as it is not obliged to meet any conditions, upon which the extension of these rights depends.

In Poland, perpetual usufruct is considered synonymous to ownership, as opposed to a lease after which a user releases land. The company does not expect to incur any major costs for the renewal of perpetual usufruct rights as the co-owner of MKS Cracovia SSA is the City of Krakow. The city supports sports activities, including those of MKS Cracovia SSA through initiatives that include:

- refinancing sports infrastructure;
- redeeming real estate taxes;
- providing fees for perpetual usufruct.

The right of perpetual usufruct of land relating to the Parent Company is depreciated for a defined useful life, which depends on the time of acquisition and amounts from 84 till 99 years. The average depreciation rate equals 1.2%.

Intangible assets purchased as a result of the acquisition of the A-MEA Informatik AG (currently Comarch Swiss AG) are comprised of the value of the company's relationships with customers. These assets were presented in fair value in the Comarch Group's balance sheet. The Group performs by way of the linear method depreciation write-offs of intangible assets purchased as a result of the acquisition of the A-MEA Informatik AG. It was assumed the depreciation period is equal to the predicted period of economic benefit from the company's relationships with customers, i.e. 60 months. The depreciation settlement was completed in 2016.

Intangible assets purchased as a result of the acquisition of the ESAProjekt sp. z o.o. (currently Comarch Healthcare S.A.) are comprised of property rights for the software: Optimed, OptiNFZKom, BaKS, Carber, SDK, Repos. These assets were presented in fair value in the Comarch Group's balance sheet. The Group performs by way of the linear method depreciation write-offs of intangible assets purchased as a result of the acquisition of the ESAProjekt sp. o.o. It was assumed the depreciation period is equal to the predicted period of economic benefit from the software sales, i.e. 60 months. The depreciation settlement was completed in 2016.

b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill recognised separately is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carriage of an amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

c) Property, Plant and Equipment

Property, Plant and Equipment in Use

Property, plant and equipment in use were valued according to acquisition prices or production costs less current redemption and possible write-offs due to losses in value. The adopted depreciation rates correspond to the economic utility of property, plant and equipment in use.

The following detailed principles of depreciation of property, plant and equipment in use have been adopted by the company: assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5% (for buildings), 30% (for machines and devices) and 20% (for furniture, equipment and other assets). In case of property, plant and equipment in use acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Property, Plant and Equipment under Construction

Property, plant and equipment under construction are valued according to the acquisition price less any possible write-offs due to permanent loss in value. The company applies the rule that interests on investment credit, in the period when the investment is realised, are recognised as property, plant and equipment under construction. Interests on investment credit decrease the annual result within finance costs, after non-current asset, financed by credit, was brought to use.

Improvements in Third Party Property, Plant and Equipment Assets

Improvements in third party property, plant and equipment are valued according to the acquisition price less any current redemptions and possible write-offs due to loss in value.

d) Leasing

As of 1st of January, 2019, the Group has been applying the IFRS 16 standard for lease agreements.

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.

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). Contracts of lease for an indefinite period with a notice period longer than 12 months the Group has not identified.

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. Assets due to the right of use are amortized on a straight-line basis.

e) Non-Current Prepayments

Non-current prepayments refer to the non-current part of prepayments costs.

f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.1.6. Current Assets

a) Inventories, Products in Progress and Finished Goods

Production in progress given in the statement refers to software produced by the Group and allocated for multiple sales. Production in progress is valued according to direct technical production costs.

Application software produced by the Group and allocated for multiple sales is valued in the period when it benefits, no longer than 36 months from an initial sale, in the amount of surplus of software production costs over net revenue obtained from sales of these products within the following 36 months. Software production costs, not written off after this period of time, increase other operational costs.

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

The register of materials and finished goods is managed at current purchase prices. Expenses are appraised according to the FIFO principle. Finished goods are appraised according to actual purchase prices, no higher than net selling prices.

b) Receivables

Receivables are recognised initially at fair value and subsequently according to adjusted acquisition prices (at amortised cost).

Receivables are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date).

In order to make their value real, receivables are decreased by write-offs revaluating bad debts. Write-offs due to loss in value correspond with the difference between balance sheet value and the current value of actual cash flows from the given item of assets. Due to the specific nature of activities (limited scope of receivables from mass contractors), appropriate updating of write-offs is carried out by way

of a detailed identification of receivables and an assessment of risk of the inflow of funds resulting from contractual and business conditions.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at banks, bank deposit payable on demand, liquid current securities and other current investment with high liquidity.

d) Settlement of Long-Term Contracts

Costs related to long-term contracts are given when they occur. The result in contracts is determined according to the progress of work if a reliable determination of such is possible. If it is not possible to determine the results in contracts, revenue is recognised uniquely up to the amount of a contract's costs incurred, which are probable to recover. The progress of work is measured based on the value of costs incurred by the balance sheet date divided by the total estimated costs due to contracts, expressed as a percentage. If it is probable that the total costs due to an agreement exceed total revenue, the anticipated loss is recognised immediately.

In assets, the Group presents 'Long-term contracts receivables' for cases where there is a surplus in incurred costs and recognised profits due to long-term contracts over the value of invoiced sales for contractors. Otherwise, when there is a surplus of the invoiced sales to contractors over the value of incurred costs and recognised profits due to long-term contracts, the Group presents an item in the liabilities called 'Long-term contracts liabilities'. The above surpluses are determined for each contract separately and are presented separately without balancing particular items.

e) Assets Designated for Sales

Assets and groups for disposal are classified as designated for sales if their balance sheet values will be recovered more as a result of sales transactions than in the result of their further usage. This condition is considered to be met only when a sale transaction is very probable to perform and an asset's item or a group for disposal are available for immediate sales in their present shape. An asset's item may be classified as designated for sales when the company's management is going to make a transaction within one year from change of classification.

Assets and groups for disposal classified as designated for sales are evaluated at lower of two values: initial balance sheet value or fair value less transaction costs.

2.1.7. Equity

Equity includes:

- a) the share capital of the Parent Company presented at nominal value,
- b) other capitals established:
 - from profit-sharing,
 - from surpluses of shares sold above their nominal value (premium share)
 - from the valuation of managerial options,
- c) retained profit resulting from adjustments resulting from changes to accounting principles and from the results achieved by the entities of the Group, which were not transferred to other capitals,
- d) currency exchange differences.

2.1.8. Employee Benefits

a) Share-Based Plans

By 2014, the Parent Company had a share-based reward scheme. The fair value of employee services received in exchange for every grant of options increases costs. The total amount to be spent over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Vesting conditions were included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revised its estimates of the number of options that are expected to vest. It recognised the impact of the revision to original estimates, if any, in the income

statement, with a corresponding adjustment to equity. The proceeds received when the option is exercised, i.e. proceeds from comprising shares (less transaction costs related directly to option exercising) were credited to share capital (nominal value) and the share premium is credited to supplementary capital.

2.1.9. Liabilities and Provisions for Liabilities

a) Trade Liabilities and Other Liabilities

Initially trade and other liabilities are recognised at their fair value and at the balance sheet date they are recognised at adjusted acquisition prices (depreciated cost). Liabilities, depending on maturity (up to or over 12 months from the balance sheet date) are recorded as current or non-current items.

b) Financial Liabilities

At the time of initial recognition, financial liabilities are valued at fair value, increased (in case of an item of liabilities not qualified as valued at fair value by the financial result) by transaction costs. After the initial recognition, the unit appraises financial liabilities according to depreciated costs using the effective interest method, with the exception of derivative instruments, which are valued at fair value. Financial liabilities set as items being hedged are subject to appraisal pursuant to hedge accounting principles.

c) Lease liabilities

As of 1st of January, 2019, the Group has been applying the IFRS 16 standard for lease agreements. In accordance with IFRS 16, the Group has classified lease agreements for office buildings and areas, perpetual usufruct of land, lease of means of transport and lease of computer equipment.

The Group presents a lease liability established in the amount of discounted future payments due to the lease agreements, during the lease term.

Interest accrued on the lease liability is included in the finance costs instead of interest paid on current lease payments before the application of the standard.

Lease liabilities settled by the effective interest rate (the lesser interest rate of the lessee).

d) Provisions for Liabilities

Provisions for restructuring costs, guarantee repairs, legal claims and for other events (especially for leaves and rewards), which result in the Group's current obligation from past events, are recognised if:

- The Group has current legal or customary liabilities resulting from past events;
- There is a high probability that expending Group funds may be necessary to settle these liabilities, and
- Their value has been reliably assessed.

Restructuring provisions mostly comprise employee severance payments. These provisions are not recognised in reference to future operational losses.

If there are a number of similar liabilities, the probability of the necessity for expending funds for settlement is assessed for the whole group of similar liabilities. The provision is recognised even if the probability of expending funds in reference to one item within the group of liabilities is small.

The provisions are appraised at the current value of costs assessed according to the best knowledge of company management. Incurring such costs is necessary in order to settle the current liability at the balance sheet date. The discount rate applied for determining current value reflects the current market assessment of the time value of money and impairments relating to a given liability.

2.1.10. Deferred Income Tax

The general principle, pursuant to IAS12, is applied. It states that due to temporary differences between the presented value of assets and liabilities as well as their tax value and tax loss it will be possible to deduct in the future, a provision is established and deferred income tax assets are defined. Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years (including the year for which the financial statement is prepared).

Deferred income tax liabilities are established in the amount of income tax payable in the future in reference to positive temporary differences, which would result in increasing the basis of taxation in the future. Deferred income tax is established using fiscal rates (and regulations) which are legally binding at the balance sheet date, which according to expectations shall be in force at the moment of realisation of relevant deferred income tax assets or settlement of deferred income tax liability.

In accordance with the implemented policy, dividends from subsidiaries are not regularly paid, therefore it is not possible to specify the date when the temporary differences due to taxation of dividends from non-EU CIT will be reversed in EU countries. Due to the above, the Group does not create a provision for income tax due to taxed dividends.

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

2.2. Recognition of Revenue and Costs

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

- implementation services,
- installation services,
- guarantee and post-guarantee services,
- technical assistance services,
- software customisation services,
- sharing IT service solutions in the Cloud model,
- other IT and non-IT services necessary for system implementation.

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

- revenue from proprietary software (irrespective of form, i.e. licences, property rights, etc.),
- revenue from services specified in the previous point.

Unit managers may decide to include estimated revenue that are highly probable to be realised into the total revenue from a contract (e.g. during the implementation of the contract, project modifications are carried out for technical reasons and it is justified to assume with some probability that the ordering party will accept the modifications and that there will be revenue flowing from them). When integration contracts under which software is allocated for multiple sales are Comarch property, the revenue and costs related to this software and the revenue and costs related to the other part of the integration contract are recognised separately. Several integration contracts are combined and recognised as one contract, if:

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

The contracts are executed based on the concluded contracts and the benefits are usually considered to be made within the time limits defined in them, usually based on bilateral work acceptance reports

Revenue from other services (e.g. technical services, technical assistance) are recognised equally during the term of an agreement/service provision. Revenue from hardware sales and the sale of other finished goods are recognised in accordance with agreed delivery terms.

Revenue from sales of other services, products, finished goods and property items comprise sums of fair values from due invoiced revenue taking into account discounts and rebates without commodity and services taxes.

In the case of individual IT contracts, payment dates are determined individually depending on their size, duration of the implementation period, estimated cost expenditure. Depending on the specificity of the contract, payroll amounts may be fixed as defined in the contract or may contain variable elements depending on the number and progress of work.

It also happens that during the contract's execution, the contractor changes to the agreed scope of work, which results in changes in the amount of the originally set remuneration.

In the case of the sale of reusable software, customary payment terms are usually used.

Sales costs include marketing costs and the costs of order acquisition by sales centres (departments) in the Comarch Group. General costs consist of the costs of the Comarch Group functioning as a whole and include administrative expenses and the costs of departments that operate for the general needs of the Group.

Exchange rate differences related to receivables are presented in 'Revenue from sales' and those related to liabilities are presented in 'Cost of sales.'

Subsidies

The Group receives subsidies for the financing of R&D projects within the framework of European Union aid programmes. These subsidies are systematically recognised as revenue in particular periods so as to ensure that they are adequate to incurred costs, which should be compensated by subsidies respectively to the reason of their settlement. These subsidies diminish the respective direct costs, which are presented in the cost of sales just after they are compensated with subsidies.

a) Other Operational Revenue and Costs

Other operational revenue and costs comprise revenue and costs not directly related to the regular activities of the units and mostly include: the result of the sale of property, plant and equipment and intangibles, subsidies, established provisions and the consequences of asset revaluation.

b) Financial Revenue and Costs

Financial revenue and costs mostly include: revenue and costs due to interest, those from the result achieved due to exchange rate differences in financial activities, those from disposal of financial assets and those arising as the consequences of the investment revaluation. Interest charges due to investment credit are recognised in finance costs beginning from the moment when asset finance with the credit was completed for use.

2.3. Financial Risk Management

2.3.1. Credit Risk

The Group establishes the financial credibility of potential clients before signing contracts for the supply of IT systems and adjusts the conditions of each contract to the potential risk depending on its assessment of the financial standing of the client. Concentration of credit risk is limited due to

diversification of the Group's sales to a significant number of customers in different branch of economy, in different world's regions.

2.3.2. Risk of Change in Interest Rest

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

An analysis of the sensitivity of the Group's financial results to interest rate risk carried out in accordance with IFRS 7 principles indicates that if, on the balance sheet date, the interest rates had been 50 base points higher/lower, net profit for 2020 would have been PLN 1,455 thousand higher/lower given that the other variables remained constant. This would largely have been the result of higher/lower revenue arising from interest received on cash and cash equivalents. Conducting an analogous analysis as at the 31st of December, 2019, indicates that if interest rates had been 50 base points higher/lower net profit for 2019 would have been PLN 700 thousand higher/lower, given that the other variables remained constant. An analysis of the sensitivity of the Group's financial results to interest rate risk was carried out using a simplified method that assumes that the rates' increases and decreases close at the same amount.

2.3.3. Risk of Fluctuation in the Exchange Rates

The company is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, BRL/PLN, CHF/EUR, NZD/PLN, RUB/PLN, UAH/PLN and AED/PLN. At the same time, part of the Parent Company's costs is also expressed in or related to exchange rates for foreign currencies. In individual cases, the company hedges future payments with forward contracts, and it tries to use natural hedging through adjusting structures of assets, liabilities and equity denominated in foreign currencies (for example through a change in currency investment loans).

The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date. These values were presented in note [3.16](#).

An analysis of the Group's sensitivity to exchange rate fluctuation risk conducted in accordance with IFRS 7 indicated that if the actual exchange rate in relation to the balance sheet exchange rate valuation for the EUR, USD, GBP, UAH, AED, RUB, CHF, CAD and BRL had risen/fallen by 5% with all other variables remaining constant, the Group's net result for the 12 months ended 31st of December, 2020, would have been PLN 14,110 thousand higher/lower. This is made up of an increase/decrease of PLN 3,879 thousand from financial assets and liabilities expressed in EUR, an increase/decrease of PLN 4,125 thousand from financial assets and liabilities expressed in USD, an increase/decrease of PLN 2,367 thousand from financial assets and liabilities expressed in GBP, an increase/decrease of PLN 20 thousand from financial assets and liabilities expressed in UAH, an increase/decrease of PLN 198 thousand from financial assets and liabilities expressed in AED, an increase/decrease of PLN 747 thousand from financial assets and liabilities expressed in RUB, an increase/decrease of PLN 1,834 thousand from financial assets and liabilities expressed in CHF, an increase/decrease of PLN 510 thousand from financial assets and liabilities expressed in CAD and an increase/decrease of PLN 429 thousand from financial assets and liabilities expressed in BRL.

If the exchange rate in relation to the balance sheet exchange date for currencies the (EUR, USD, GBP, CAD, CHF, CNY, RUB, UAH, CLP, TRY, BRL, MYR, SEK, AED, AUD, JPY, KRW, ZAR, ARS, COP, MXN, SAR, THB, DKK, NZD and PEN) had risen/fallen by 10% with all other variables remaining constant, the Group's net result resulting from long-term contracts for the 12 months ended 31st of

December, 2020, would have been PLN 25,969 thousand higher / PLN 25,969 thousand lower (in 2019: have been PLN 29,071 thousand higher / PLN 29,071 thousand lower. The assessment above of the effect of exchange rate risk on the financial result was calculated using a symmetrical method that assumes that the rates' increases and decreases close at the same amount.

2.3.4. Financial Liquidity Risk

The Group has a liquidity risk management system to manage its short, medium and long-term funds. The fundamental financial liquidity risk arises because the majority of costs incurred by the Group are fixed, while revenue from sales, as is typical for a services company, fluctuates. The Group manages liquidity risk by holding the appropriate amount of working capital, by holding reserve credit lines in the current account, by constantly monitoring the forecasted and actual cash flows and by analysing the maturity profiles of financial assets and liabilities. Information on dates of contractual maturity of financial liabilities is presented in note [3.16](#).

2.4. Accounting of Derivative Financial Instruments and Hedging Activities

Derivative financial instruments designated as 'hedging instruments' according to IFRS 9, qualified as fair value hedging, are recognised at fair value and changes in their valuation refer to the results of financial operations.

Derivative financial instruments designated as 'hedging instruments' according to IFRS 9, qualified as cash flow hedging are recognised at fair value and change to their valuation refers to:

- capital from the revaluation of prices (in the part constituting effective hedging),
- the results of financial operations (in the part not constituting effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to IFRS 9 are valued at fair value and changes in their valuation refers to the results of financial operations.

2.5. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including anticipations of future events that are believed to be reasonable under given circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

2.5.1. Estimation of the Periods of Economic Utility of Intangible Assets and Property, Plant and Equipment in Use

a) Intangible assets

The following depreciation rates have been adopted:

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

In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project.

For depreciation write-offs of intangible assets purchased as a result of the acquisitions, it was assumed the depreciation period is equal to the predicted period of economic benefit from the software sales, i.e. 60 months.

b) Property, Plant and Equipment in Use

Assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5% (for buildings), 30% (for machines and devices) and 20% (for furniture, equipment and other assets). In case of property, plant and equipment in use acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

2.5.2. Estimation of the Total Costs of the Execution of Projects Related to the Appraisal of Long-term Contracts, Pursuant to IFRS 15

Pursuant to the accounting principles adopted by the company, the company determines the degree of progress for long-term contracts by way of determining the ratio of currently incurred costs for a given project to the total estimated project costs. Due to the long-term nature of projects under way and their complex structure, as well as the possibility of unexpected difficulties related to their execution it may happen that the actual total costs for project execution differ from the estimates made for specific balance sheet dates. Changes in estimates of total project execution costs could result in the definition of project progress at the balance sheet date and consequently recognised revenue, in different amounts.

2.5.3. Estimation Related to the Determination and Recognition of Deferred Income Tax Assets, Pursuant to IAS 12

As the company operates in the Special Economic Zone and enjoys investment allowances as a result, the Parent Company determines the value of deferred income tax assets on the basis of forecasts relating to the shape of the tax-exempt income and the period, in which such income may be noted. Due to high business fluctuations in the IT industry (in which the Parent Company is active) it is possible that the actual results and tax-exempt income may differ from the Parent Company's anticipations. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years, selected from the five-year period (including the year for which the financial statement is prepared), after rejecting two extreme values.

2.5.4. Estimation of Possible Costs Related to Current Court Proceedings Against the Company, Pursuant to IAS 37

At the balance sheet date, the Group is the plaintiff and the defendant in a number of court proceedings. Preparing the financial statement, the Group always assesses the opportunities and risks related to court proceedings and, in accordance with the results of such analyses, establishes provisions for potential losses. However, there is always a risk that the courts will pronounce verdicts different from the expectations of the companies and the established provisions will be insufficient or excessive in comparison with the actual results of the proceedings.

2.5.5. Estimation Related to Conducting the Annual Goodwill Impairment Test in Accordance with IFRS 3 and IAS 36

At the end of every fiscal year the Group carries out tests on losses in the goodwill according to accounting rules contained in note [3.6](#). The Group considers IT Segment as a cash generating unit thereby doesn't allocate the goodwill to particular companies of the Group. The recoverable amount of cash generating unit was determined on the basis of calculations of its fair value. These calculations require to the use of estimates related to cash flow in the IT segment in the following financial year

and an anticipated development of the IT market in Poland and regions where the Group is active in the following years. Due to a high fluctuation in the economic situation of the IT branch, where the Group operates, it is possible that real cash flow will differ from the one estimated by the Group.

2.6. New Standards and IFRIC Interpretations

This consolidated financial statement was prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union.

Effect of new accounting standards and changes in accounting policy

The accounting principles (policy) applied for the preparation of these consolidated financial statements for the financial year ended 31st of December, 2020 are consistent with those applied for the preparation of the annual consolidated financial statements for the financial year ended 31st of December, 2019, except for the changes described below.

The same principles were applied for the current and comparable periods, unless the standard or interpretation assumed exclusively prospective application.

Interpretations to standards applied for the first time in 2019 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 1,500 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 December, 2020, the value of the right to use assets in the Group amounted to PLN 88,222 thousand and the value of lease liabilities PLN 94,287 thousand. The value of depreciation from the asset due to the right of use in 2020 amounted to PLN 21,148 thousand. The value of interest on leasing liabilities in 2020 amounted to PLN 2,494 thousand.

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

	At 31 December 2020	At 31 December 2020
	- published data	- without IFRS 16
Impact on the balance sheet		
Total assets	2,003,558	1,915,513
Fixed assets	856,573	768,528
Asset due to the right of use	88,222	-
Liabilities Total	2,003,558	1,915,513
Total liabilities, including:	905,011	810,879
Long-term liabilities	252,430	177,285
Current liabilities	652,581	633,594

Lease liabilities, including:	94,287	-
<i>Long-term liabilities</i>	75,145	-
<i>Current liabilities</i>	19,142	-

Equity attributable to the Company's shareholders	1,080,039	1,086,126
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Impact on the profit and loss account

Depreciation, including:	86,291	65,408
<i>Depreciation of the right to use</i>	21,148	-

Net profit	120,493	125,456
Net profit attributable to the company's shareholders	120,631	125,594

Impact on the cash flow

Cash flow together	122,179	122,179
Net cash flow from operating activities	308,205	287,271
Net cash flow from investing activities	(111,299)	(111,299)
Net cash flow from financing activities	(74,727)	(53,793)

Depreciation of assets under the right of use	12 months ended 31 December 2020
Leasing of means of transport and computer equipment	1,085
Rent	19,767
Perpetual usufruct	296
Depreciation of assets under the right of use	21,148

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 2020 amounted to approx. PLN 1,385 thousand.

Amendments to existing standards effective for annual periods for 2020 for the first time

■ 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.

■ **Amendments to IFRS 16 Leasing: Reliefs related to Covid-19**

The amendment was published on the 28th of May, 2020. It is effective for annual periods beginning on or after the 1st of June, 2020. Approved for use by the European Commission in October 2020.

The Group did not use the simplifications related to Covid 19 specified in this standard.

The above-mentioned amendments to standards did not affect the financial statements of the Comarch Group for 2020.

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

- **IFRS 14 Regulatory Deferral Accounts** published on the 30th of January, 2014 (the process of adoption for use by EU countries suspended).
- **IFRS 17 Insurance contracts**, published on the 18th of May, 2017, together with changes of the 25th of June, 2020.
- **Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture**, published on the 11th of September, 2014 (the adoption process by EU countries suspended).
- **Amendment to IAS 1 Presentation of financial statements: Classification of liabilities as short- and long-term**, published on the 23rd of January, 2020. It is effective for annual periods beginning on or after the 1st of January, 2022.
- **Amendments to IFRS 3, IAS 16, IAS 37 and annual amendments to the standards 2018-2020** published on the 14th of May, 2020. They are effective for annual periods beginning on or after the 1st of January, 2022.
- **Amendments to IFRS 4 Insurance contracts – suspension of application IFRS 9** published on the 25th of June, 2020. It is effective for annual periods beginning on or after the 1st of January, 2023.
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of Reference Interest Rates (Reference Rates) – Phase 2nd.** Amendments to these standards were published on 27th of August, 2020 and supplement the first phase of changes in reporting resulting from the reform of interbank reference rates of September 2019. The amendments apply to annual periods beginning on or after 1st of January, 2021. The changes in the second phase focus on the impact they will have on the valuation of, for example, financial instruments, lease liabilities, and the replacement of the existing reference rate with the new rate resulting from the reform.

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

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

3. Notes to the Consolidated Financial Statement

3.1. Approving the Financial Statement for 2019

The consolidated financial statement for the year 2019 was approved on the 24th of June, 2020, by the General Meeting of Shareholders of Comarch S.A. On the 30th of June, 2020, in accordance with the law, it was submitted to the National Court Register.

3.2. Segment Information

In the Comarch Group, the business segments are basic type of operating segments, and geographical segments, by the place of business 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 related services, including production of software for medicine sector and sales of IT hardware (hereinafter referred to as the "IT segment"),
- professional sports activity conducted by MKS Cracovia SSA (hereinafter referred to as the "Sport segment"),
- investment activity on capital market and real estate market (hereinafter referred to as the "Investment segment"),
- activities related to medical services (hereinafter referred to as the "Medical segment").

The IT segment has a dominant share in revenue from sales, results and assets. Due to the specific nature of the business, the IT segment is presented with the spin-off of the DACH market (Germany, Austria, Switzerland), the Polish market and other markets.

Due to the geographical breakdown of activities, Comarch Group has defined the following market segments: Poland, DACH Region (Germany, Austria and Switzerland) and Other countries. Segments: Sport, Investment and Medical 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, defining separate results for export and domestic activities is not deliberate.

Comarch Group's sales is highly diversified and is not dependent on a single customer. In 2020, the share of none of the contractor exceeded 10% of the sales of Comarch Group.

Over 2020, Comarch Group's revenue structure was as follows: 25% of annual sales were achieved in the first quarter, 21% in the second quarter, 23% in the third quarter and 31% in the fourth quarter. In the company's opinion, over 2021, Group's revenue structure will be similar to that observed in 2020.

12 months ended 31 December 2019	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination	Total
	Poland	DACH	Other					
Revenue per segment- sales to external clients	787,721	291,066	339,706	1,721	38,409	12,106	-	1,470,729
<i>including:</i>								
Revenue from sales:	781,477	288,527	325,710	1,960	29,404	10,345	-	1,437,423
<i>To customers in Telecommunication, Media, IT sector</i>	<i>147,836</i>	<i>80,601</i>	<i>107,409</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>335,846</i>
<i>To customers in Finance and Banking sector</i>	<i>145,959</i>	<i>35,828</i>	<i>9,267</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>191,054</i>
<i>To customers in Trade and services sector</i>	<i>69,333</i>	<i>26,920</i>	<i>155,490</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>251,743</i>
<i>To customers in Industry & Utilities</i>	<i>93,049</i>	<i>34,245</i>	<i>52,042</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>179,336</i>
<i>To customers in Public sector</i>	<i>119,846</i>	<i>10,506</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>130,352</i>
<i>To customers in small and medium enterprises sector</i>	<i>190,421</i>	<i>100,411</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>290,832</i>
<i>To customers in Medicine sector</i>	<i>14,111</i>	<i>15</i>	<i>1,448</i>	<i>-</i>	<i>-</i>	<i>10,345</i>	<i>-</i>	<i>25,919</i>
<i>To other customers</i>	<i>922</i>	<i>1</i>	<i>54</i>	<i>1,960</i>	<i>29,404</i>	<i>-</i>	<i>-</i>	<i>32,341</i>
<i>other operating revenue</i>	<i>3,424</i>	<i>3,725</i>	<i>16,606</i>	<i>188</i>	<i>8,997</i>	<i>1,380</i>	<i>-</i>	<i>34,320</i>
<i>finance revenue</i>	<i>2,820</i>	<i>(1,186)</i>	<i>(2,610)</i>	<i>(427)</i>	<i>8</i>	<i>381</i>	<i>-</i>	<i>(1,014)</i>
Revenue per segment - sales to other segments	347,023	31,309	40,890	7,735	8,291	2,394	(437,642)	-
Revenue per segment - total	1,134,744	322,375	380,596	9,456	46,700	14,500	(437,642)	1,470,729
Costs per segment relating to sales to external clients	717,194	254,282	304,257	3,993	36,339	12,295	-	1,328,360
Costs per segment relating to sales to other segments	347,023	31,309	40,890	7,735	8,291	2,394	(437,642)	-
Costs per segment - total	1,064,217	285,591	345,147	11,728	44,630	14,689	(437,642)	1,328,360
Current taxes	(10,325)	(9,937)	(11,030)	(166)	(249)	-	-	(31,707)
Assets for the tax due to investment allowances and other tax relief	(3,706)	895	(2,256)	(44)	(33)	-	-	(5,144)
Net result	56,496	27,742	22,163	(2,482)	1,788	(189)	-	105,518
<i>including:</i>								
<i>result attributable to shareholders of the Parent Company</i>	<i>56,496</i>	<i>27,742</i>	<i>22,163</i>	<i>(2,476)</i>	<i>1,110</i>	<i>(189)</i>	<i>-</i>	<i>104,846</i>
<i>result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(6)</i>	<i>678</i>	<i>-</i>	<i>-</i>	<i>672</i>

*) Items comprise revenue 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 December, 2019, as well as investment expenditures and depreciation for 12 months ended the 31st of December, 2019:

31 December 2019 / 12 months ended 31 December 2019

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH	Other				
Assets	1,025,458	250,384	327,632	149,881	82,839	6,517	1,842,711
Liabilities	585,148	88,111	134,721	33,880	29,399	696	871,955
Investment expenditures	28,278	2,672	7,649	5,008	12,045	692	56,344
Depreciation	57,624	9,457	9,710	3,320	4,421	397	84,929

12 months ended 31 December 2020	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination	Total
	Poland	DACH	Other					
Revenue per segment - sales to external clients	805,233	311,862	391,871	(741)	41,278	14,202	-	1,563,705
<i>including:</i>								
Revenue from sales:	817,819	299,768	372,160	2,650	31,904	12,452	-	1,536,753
<i>To customers in Telecommunication, Media, IT sector</i>	<i>109,051</i>	<i>62,525</i>	<i>131,012</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>302,588</i>
<i>To customers in Finance and Banking sector</i>	<i>181,188</i>	<i>41,411</i>	<i>36,552</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>259,151</i>
<i>To customers in Trade and services sector</i>	<i>69,338</i>	<i>31,790</i>	<i>136,009</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>237,137</i>
<i>To customers in Industry & Utilities</i>	<i>85,868</i>	<i>33,546</i>	<i>59,605</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>179,019</i>
<i>To customers in Public sector</i>	<i>146,191</i>	<i>8,350</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>154,541</i>
<i>To customers in small and medium enterprises sector</i>	<i>206,169</i>	<i>122,146</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>328,315</i>
<i>To customers in Medicine sector</i>	<i>19,435</i>	<i>-</i>	<i>8,933</i>	<i>-</i>	<i>-</i>	<i>12,452</i>	<i>-</i>	<i>40,820</i>
<i>To other customers</i>	<i>579</i>	<i>-</i>	<i>49</i>	<i>2,650</i>	<i>31,904</i>	<i>-</i>	<i>-</i>	<i>35,182</i>
<i>other operating revenue</i>	<i>14,689</i>	<i>13,457</i>	<i>14,727</i>	<i>143</i>	<i>9,503</i>	<i>1,740</i>	<i>-</i>	<i>54,259</i>
<i>finance revenue</i>	<i>(27,275)</i>	<i>(1,363)</i>	<i>4,984</i>	<i>(3,534)</i>	<i>(129)</i>	<i>10</i>	<i>-</i>	<i>(27,307)</i>
Revenue per segment - sales to other segments	403,105	32,215	33,998	8,082	8,032	-	(485,432)	-
Revenue per segment - total	1,208,338	344,077	425,869	7,341	49,310	14,202	(485,432)	1,563,705
Costs per segment relating to sales to external clients	707,940	281,282	352,054	2,886	40,635	14,654	-	1,399,451
Costs per segment relating to sales to other segments	403,105	32,215	33,998	8,082	8,032	-	(485,432)	-
Costs per segment - total	1,111,045	313,497	386,052	10,968	48,667	14,654	(485,432)	1,399,451
Current taxes	(19,375)	(10,257)	(16,417)	(522)	-	-	-	(46,571)
Assets for the tax due to investment allowances and other tax relief	(614)	1,321	2,238	354	(489)	-	-	2,810
Net result	77,304	21,644	25,638	(3,795)	154	(452)	,	120,493
<i>including:</i>								
<i>result attributable to shareholders of the Parent Company</i>	<i>77,304</i>	<i>21,644</i>	<i>25,638</i>	<i>(3,628)</i>	<i>125</i>	<i>(452)</i>	<i>-</i>	<i>120,631</i>
<i>result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(167)</i>	<i>29</i>	<i>-</i>	<i>-</i>	<i>(138)</i>

*) Items comprise revenue 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 December, 2020, as well as investment expenditures and depreciation for 12 months ended the 31st of December, 2020:

31 December 2020 / 12 months ended 31 December 2020

	IT Segment			Investment Segment	Sport Segment	Medicine Segment Poland	Total DACH
	Poland	DACH	Other				
Assets	998,430	281,439	463,526	144,162	107,018	8,983	2,003,558
Liabilities	397,469	100,058	338,182	34,691	34,074	537	905,011
Investment expenditures	66,490	4,192	13,949	4,745	35,683	5,766	130,825
Depreciation	57,219	9,201	10,858	3,557	5,025	431	86,291

The following tables present a geographical structure of revenue from sales, assets and investment expenditures.

Revenue from basic sales - activities location

	12 months ended 31 December 2020	%	12 months ended 31 December 2019	%
Domestic/Poland	864,825	56.3	823,186	57.3
DACH	299,768	19.5	288,527	20.1
Others countries	372,160	24.2	325,710	22.6
Total	1,536,753	100.0	1,437,423	100.0

Assets – activities location

	31 December 2020	%	31 December 2019	%
Domestic/Poland	1,258,575	62.8	1,264,693	68.6
DACH	281,439	14.1	250,384	13.6
Others countries	463,544	23.1	327,634	17.8
Total	2,003,558	100.00	1,842,711	100.0

Investments expenditures - activities location

	12 months ended 31 December 2020	%	12 months ended 31 December 2019	%
Domestic/Poland	112,684	86.3	46,023	81.7
DACH	4,192	3.0	2,672	4.7
Other countries	13,949	10.7	7,649	13.6
TOTAL	130,825	100.0	56,344	100.0

3.3. Property, Plant and Equipment

	Lands and buildings	Means of transport and machinery	Furniture, fittings and equipment	Total
As at 1 January 2019				
Cost or valuation (gross)	483,815	456,633	64,121	1,004,569
Depreciation	(83,012)	(316,742)	(53,752)	(453,506)
Net book value	400,803	139,891	10,369	551,063
Year ended 31 December 2019				
Opening net book value	400,803	139,891	10,369	551,063
Additions	16,062	31,998	1,762	49,822
Disposals	(2,631)	(4,842)	(16)	(7,489)
Depreciation	(10,327)	(40,073)	(3,361)	(53,761)
Closing net book value	403,907	126,974	8,754	539,635
As at 31 December 2019				
Cost or valuation (gross)	497,246	483,789	65,868	1,046,903
Depreciation	(93,339)	(356,815)	(57,114)	(507,268)
Net book value	403,907	126,974	8,754	539,635
Year ended 31 December 2020				
Opening net book value	403,907	126,974	8,754	539,635
Additions	68,464	46,837	14,071	129,372
Disposals	(25,462)	(2,238)	(6,564)	(34,264)
Depreciation	(11,712)	(37,088)	(3,785)	(52,585)
Closing net book value	435,197	134,485	12,476	582,158
As at 31 December 2020				
Cost or valuation (gross)	540,248	528,389	73,375	1,142,012
Depreciation	(105,051)	(393,904)	(60,899)	(559,854)
Net book value	435,197	134,485	12,476	582,158

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of December, 2020, the Group's property, plant and equipment 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 (including office building 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 and 1.21 ha in Mesa, Arizona, USA. In the fourth quarter of 2020, the MKS Cracovia SSA Training and Research Centre was commissioned for use, for which investment expenditure of PLN 41,646 thousand was made. In the fourth quarter of 2020, Comarch S.A. purchased a plane worth PLN 21,163 thousand. As at the 31st of December, 2020, property, plant and equipment under construction comprise mostly expenditures related to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA and Bonus Management sp. z o.o. II Activia SKA (an amount of PLN 6,075 thousand) and expenditures related to construction of Data Center Comarch Inc. in the USA in the amount of PLN 1,499 thousand.

As at the 31st of December, 2020, bank loans are secured on land and buildings for the value of PLN 435,776 thousand (ordinary mortgages, real estate mortgages in BNP Paribas Bank Polska S.A., Santander Bank Polska S.A., Pekao S.A., PKO BP S.A. and Bank Handlowy w Warszawie S.A.) and other property, plant and equipment in use in the amount of PLN 41,353 thousand (registered pledges in favour of banks: Pekao S.A. and DNB Bank Polska S.A.). The balance sheet value of property, plant and equipment in use, on which financial liabilities are secured, amounts to PLN 252,860 thousand.

	31 December 2020	31 December 2019
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Amount of interest on credits capitalised on investments in non-current assets

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Investment expenditures on property, plant and equipment under construction are recognised in the net balance sheet value of property, plant and equipment:

	31 December 2020	31 December 2019
Buildings	9,521	19,833
Equipment	95	4,531
Other	29	-
Total	9,645	24,364

Depreciation write-offs were presented in the income statement. They increase the costs of sold products, goods and materials in the amount of PLN 35,454 thousand (PLN 34,410 thousand in 2019), costs of sales in the amount of PLN 1,943 thousand (PLN 1,722 thousand in 2019), general and administrative expenses in the amount 2,515 of PLN thousand (PLN 3,959 thousand in 2019) and social activities expenses in the amount of PLN 12,673 thousand (PLN 13,670 thousand in 2019).

3.4. Asset due to the Right of Use

	31 December 2020	31 December 2019
Leasing of means of transport and IT equipment	1,837	1 735
Lease	59,269	53 533
Perpetual usufruct	27,116	18 368
Total	88 222	73,636

The creation of the right of use asset is a consequence of the application of IFRS 16 as of 1 January 2019. As at 31 December 2020, the value of the right of use asset was PLN 88,222 thousand. As at 1

January 2020, the value of the right of use asset was PLN 73,636 thousand. The value of depreciation on the right of use asset was PLN 21,148 thousand in 2020.

3.5. Investment Real Estates

	Lands	Buildings	Total
As at 31 December 2019			
Cost or valuation (gross)	52,123	5,013	57,136
Depreciation	(19,049)	(1,456)	(20,505)
Net book value	33,074	3,557	36,631
As at 31 December 2020			
Cost or valuation (gross)	53,195	8,887	62,082
Depreciation	(20,752)	(1,456)	(22,208)
Net book value	32,443	7,431	39,874

As at the 31st of December, 2020, investment real estate comprise two office buildings, placed in Krakow with a total space 8,629 square meters, 4 residential buildings at 1,057 square metres of the total space, 1 service and production building with an area of 600 square metres (all located in Kraków), 2 services and warehouse buildings with an area of 2,611 square metres, located in Zabierzów, as well as real estate located in Kostrzyn with an area of 1,315 square metres.

3.6. Goodwill

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

	31 December 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
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)	5,039	-
Total	45,774	40,735

3.6.1. Acquisition of Subsidiaries

	Core Activities	Acquisition Date	(%) of Purchased Shares	Acquisition Cost in PLN thousand
2008 Comarch Software und Beratung AG	IT	2008-11-18	50.15%	44,685
2009 Comarch Software und Beratung AG	IT	2009-02-09	30.74%	31,901
2012 Comarch Software und Beratung AG	IT	2012-10-19	5.00%	3,777
A-MEA Informatik AG	IT	2012-01-30	100.00%	5,717
A-MEA Informatik AG		2012-02-27	-	2,578
ESAProjekt sp. z o.o.	IT	2012-04-27	100.00%	12,200
2016 Comarch Software und Beratung AG	IT	2016-12-12	2.68%	6,375
2017 Geopolis Sp. z o.o.	IT	2017-04-03	100.00%	4,000
2020 CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	IT	2020-04-23	100.00%	9,566
2020 Wszystko.pl sp. z o.o. (previously „Unitec” sp. z o.o.)	IT	2020-12-02	100.00%	1

3.6.2. Test for Goodwill Impairment

On the 31st of December, 2020, the Comarch Group conducted a test for loss in value regarding goodwill in relation to acquisition of Comarch Software und Beratung AG and it did not show any loss in value. The assessment of the fair value of a cash generating unit was done based on the useful value valuation model with the discounted cash flow method (DCF). The predicted cash flow for particular Comarch SuB product lines are based on sales results in 2020, the Comarch SuB Group budget for 2021, and the forecast for 2021-2025, development estimates of the German market within the upcoming years and assuming a constant growth rate of 0.5% from 2025. The discount rate applied in the assessment of the current value of the predicted cash flow is based on a weighted average cost of capital (WACC). Particular items of WACC were estimated on a basis of market data on risk-free interest rate (profitability of treasury bills), beta factor, data on the structure of debt/capital and the expected value of premium for risk. The weighted average cost of capital applied in the model amounted to 5.80%. The sensitivity of the test to the change of key parameters and their influence on the test result was analyzed. The analysis showed that a 20% decrease in EBITDA in the period covered by the financial forecast or an increase in WACC by 20% does not result in the need to make a goodwill write-off related to the acquisition of Comarch Software und Beratung AG.

On the 31st of December, 2020, the Comarch Group conducted also tests for loss in value regarding goodwill in relation to acquisitions of Comarch Swiss (formerly A-MEA Informatik AG), based on assumptions analogous to those adopted for the purposes of the above-described test for Comarch Software und Beratung AG, and they did not show any loss in value. The sensitivity of the test to the change of key parameters and their influence on the test result was analyzed. The analysis showed

that a 20% decrease in EBITDA in the period covered by the financial forecast or an increase in WACC by 20% does not result in the need to make a goodwill write-off related to the acquisition of Comarch Software und Beratung AG.

The Group considers IT Segment, comprising companies in the Comarch Group before acquisition of the Comarch Software und Beratung Group, as one cash generating unit thereby doesn't allocate the goodwill, that was worth PLN 3,284 thousand and recognised in relation to purchases of shares in Comarch Kraków S.A., CDN Comarch S.A., Comarch Inc. and Comarch AG, to particular companies of the Group. A test for loss in value in reference to the goodwill that was run on the 31st of December, 2020, did not show any loss in value. The recoverable amount of cash generating unit was determined on the basis of calculations of its fair value. The Management Board of the Parent Company conducted also the analysis of the P/E index for companies in the IT sector registered with the Warsaw Stock Exchange and assessed on this basis the estimated market value of the IT Segment in the Comarch Group as at the 31st of December, 2020. P/E index for IT sector companies listed on the Warsaw Stock Exchange, conducting business activities similar to Comarch S.A., was taken for analysis and amounted to 26.01. It was not adjusted to the needs of the test. The above analyses did not show any loss in value in reference to the goodwill.

Due to the acquisition in the second quarter of 2020 by Comarch S.A. 100% of the shares of 2CSI CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S., goodwill was established in the amount of PLN 5,039 thousand. The above amount constitutes the remuneration transferred by Comarch S.A. (PLN 9,566 thousand) over the fair value of the Comarch Group's share in the identified net assets of the acquired entity (PLN 4,527 thousand), as at the 30th of April, 2020. Data on revenue and costs for the period May-December 2020, i.e. for the period after the acquisition of the Company, have been included in the Group's consolidated result. They amounted to respectively: revenue of PLN 7,343 thousand, costs of PLN 8,602 thousand, result of minus PLN 1,259 thousand. In the period from January to April 2020, the Company's revenue amounted to PLN 2,880 thousand, costs: PLN 3,725 thousand, result: - PLN 845 thousand. The result for this period was included in the capitals established as at the acquisition date. The transferred remuneration included the control premium paid in connection with the acquisition of control over 2CSI, as well as amounts related to the benefits of anticipated synergies, increase of revenue, future market development, increase of product portfolio and the acquisition of highly qualified employees. These benefits have not been recognized separately from goodwill because it was not possible to reliably measure the future economic benefits arising from them. As part of the described transaction, the Comarch Group also took over customers and relationships with 2CSI customers. These assets have not been recognized separately from goodwill because it was not possible to reliably measure their value.

In subsequent reporting periods, the Comarch Group will perform test for loss in value regarding goodwill related to the acquisition of 2CSI by each time determining the recoverable amount of the cash-generating unit using the DCF discounted cash flow method. The projected cash flows related to 2CSI activities will be based on the sales results achieved in the current year, budget assumptions and forecasts for the coming years and on the estimates of the development of the French market in the coming years. The discount rate used to estimate the present value of the projected cash flows will be based on the WACC weighted average cost of capital.

As at 31st of December, 2020, the Comarch Group performed a test for the loss of goodwill related to the acquisition of 2CSI by determining the recoverable amount of the cash-generating unit using the DCF discounted cash flow method. The projected cash flows related to 2CSI activities were based on sales results achieved in 2020 and budget assumptions for 2021, on the estimates of the development of the French market in the following years and forecasts based on them for 2021-2026, as well as on the assumption of a constant growth rate of 0.5% starting from 2026. The WACC weighted average cost of capital used in the valuation model was 5.80%. The sensitivity of the test to the change of key parameters and their influence on the test result was analysed. The analysis showed that a 20% decrease in EBITDA over the period covered by the financial forecast or a 20% increase in WACC does not require a goodwill impairment loss related to the acquisition of 2CSI.

3.7. Other Intangible Assets

	Cost of completed development works	Right of perpetual usufruct	Trademarks, licences and software	Other	Total
At 31 December 2018					
Cost (gross)	3,259	40,588	187,725	40,493	272,065
Accumulated amortisation and impairment	(3,115)	(1,369)	(172,357)	(35,777)	(212,618)
Net book value	144	39,219	15,368	4,716	59,447
Year ended 31 December 2019					
Opening net book value	144	39,219	15,368	4,716	59,447
Additions	-	-	6,965	2,495	9,460
Disposals	-	(1,567)	(10)	(110)	(1,687)
Amortisation charge	(144)	(93)	(7,800)	(2,872)	(10,909)
Closing net book value	-	37,559	14,523	4,229	56,311
As at 31 December 2019					
Cost (gross)	3,259	39,022	194,680	42,878	279,839
Accumulated amortisation and impairment	(3,259)	(1,463)	(180,157)	(38,649)	(223,528)
Net book value	-	37,559	14,523	4,229	56,311
Year ended 31 December 2020					
Opening net book value	-	37,559	14,523	4,229	56,311
Additions	-	-	3,703	6,925	10,628
Disposals	-	-	(11)	(544)	(555)
Amortisation charge	-	(93)	(7,356)	(3,407)	(10,856)
Closing net book value	-	37,466	10,859	7,203	55,528
As at 31 December 2020					
Cost (gross)	3,259	39,022	198,372	49,259	289,912
Accumulated amortisation and impairment	(3,259)	(1,556)	(187,513)	(42,056)	(234,384)
Net book value	-	37,466	10,859	7,203	55,528

The Group presented costs for research and development works directly in costs, with no previous activation, in the amount of PLN 1,064 thousand.

I. Other intangibles include mainly valuation of assets related to players' cards in MKS Cracovia in the amount of PLN 6,881 thousand. All other items of the intangible assets were acquired.

Amortization charges in the income statement have been reported in the positions: the amount of PLN 10,305 thousand is included in the cost of production (PLN 10,127 thousand in 2019), the rest is

presented in general and administrative costs in the amount of PLN 465 thousand (PLN 465 thousand in 2019) and selling costs in the amount of PLN 86 thousand (PLN 317 thousand in 2019).

The perpetual usufruct right for land related to MKS Cracovia SSA that is worth PLN 31,650 thousand is considered as 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 major costs in renewal of perpetual usufruct right in the context of the previous activities of the co-owner of the Club that is the City of Krakow. The city supports sport activities, including MKS Cracovia SSA, by the way of, among others:

- additional financing of sport infrastructure
- redemption of real estate tax
- contributing fees for perpetual usufruct in non-cash contribution

The right of perpetual usufruct of land relating to the Parent Company is depreciated for a defined useful life, which depends on the time of acquisition and amounts from 84 till 99 years. The average depreciation rate equals 1.2%.

II. Impairment test for the right of perpetual usufruct as at 31st of December, 2020

As at the 31st of December, 2020, an analysis was performed on changes in prices of real estate properties in Krakow in 2020. Based on articles and reports of industry portals (among others Bankier.pl <https://www.bankier.pl/wiadomosc/Ceny-transakcyjne-dzialek-budowlanych-IV-kw-2020-r-Raport-8079452.html>) it was found that in 2020 the average price of land in Krakow grew dynamically (by over 20% compared to 2019), still remain significantly higher than at the time of acquisition of the right of perpetual usufruct of land by Comarch Group companies. On this basis, it was established that in 2020 the perpetual usufruct right to land owned by Comarch Group companies was not impaired.

3.8. Non-Current Prepayments

	12 months ended 31 December 2020	12 months ended 31 December 2019
Opening balance	2,486	2,834
Changes due to:		
- settlement and transfer to non-current prepayments	(1,188)	(348)
Closing balance	1,298	2,486

3.9. Investment in Associates

As at the 31st of December, 2020, the Group had no investments in associates.

As at 1 January 2019	1,520
Granting a loan to SoInteractive S.A.	300
Repayment of loan by SoInteractive S.A.	(1,250)
As at 31 December 2019	570
As at 1 January 2020	570
Granting a loan to SoInteractive S.A.	-
Repayment of loan by SoInteractive S.A.	(570)
As at 31 December 2020	-

SoInteractive S.A. As at:	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2019	Poland	748	1,010	42.98
At 31 December 2020	Poland	515	75	42.98

SoInteractive S.A.	Country of incorporation	Revenue	Profit/ (Loss)	% shares held
12 months ended 31 December 2019	Poland	3,129	1,978	42.98
12 months ended 31 December 2020	Poland	703	694	42.98

Metrum Capital S.A.* As at:	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2019	Poland	9	25	64.29
At 31 December 2020	Poland	-	-	-

Metrum Capital S.A.*	Country of incorporation	Revenue	Profit/ (Loss)	% shares held
12 months ended 31 December 2019	Poland	-	(9)	64.29
12 months ended 31 December 2020	Poland	-	-	-

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

As at the 31st of December, 2020, investments in associates include:

- acquired by CCF FIZ and Bonus Management sp. z o.o. II Activia SK-A shares in SoInteractive S.A. (42.98% of shares, 27.37% of votes at the AGM) with total value of PLN 0;

3.10. Financial Assets Available for Sale

	31 December 2020	31 December 2019
Financial assets available for sale	20,001	-
Total	20,001	-

On the 31st of December, 2020, the financial assets available for sale consisted of those owned by Comarch S.A. participation units in debt securities investment funds, purchased in q4 2020 as an investment of free cash. All units purchased by the company relate to low-risk sub-funds holding government and corporate debt securities as well as money market instruments. As at 31st of December, 2021, the above-mentioned participation units were valued at fair value according to

market price, and changes in the valuation were referred to the result on financial operations. The total value of the participation units at purchase price was PLN 20,000 thousand and the total value of the participation units according to their valuation as at the balance sheet date was PLN 20,001 thousand.

Comarch S.A. intends to dispose of the held as of 31st of December, 2020, financial assets available for sale within 12 months from the balance sheet date.

After the balance sheet date

Comarch S.A. in the period from 1st of January, 2021 to 30th of April, 2021, purchased new participation units in investment funds for the total amount of PLN 100,000 thousand. All units purchased by the Company during this period relate to low-risk sub-funds holding government and corporate debt securities as well as money market instruments. As at 31st of March, 2021, the valuation of Comarch S.A. participation units in funds amounted to PLN 120,221 thousand.

3.11. Derivative Financial Instruments

a) Assets

	31 December 2020	31 December 2019
Forward foreign exchange contracts – held-for-trading	2,716	7,662
Transaction on change of IRS	-	-
	2,716	7,662
<i>Current portion</i>	<i>2,119</i>	<i>4,923</i>
<i>Non-current portion</i>	<i>597</i>	<i>2,739</i>

b) Liabilities

	31 December 2020	31 December 2019
Forward foreign exchange contracts – held-for-trading	5,958	-
Transaction on change of IRS	3,501	2,909
	9,459	2,909
<i>Current portion</i>	<i>3,820</i>	-
<i>Non-current portion</i>	<i>5,639</i>	<i>2,909</i>

Group held forward contracts to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk. As at the 31st of December, 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 31st of December, 2020, amounted to EUR 73,400 thousand, USD 11,100 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 December, 2020, valuation of the IRS transaction amounted to minus PLN 288 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 December, 2020, valuation of the IRS transaction amounted to minus PLN 254 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 December, 2020, valuation of the IRS transaction amounted to minus PLN 1,719 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 December, 2020, valuation of the IRS transaction amounted to minus PLN 1,240 thousand.

After the balance sheet date

In the period from 1st of January, 2021 to 30th of April, 2021, the Comarch Group concluded new forward contracts for the sales of EUR 14,800 thousand, USD 11,000 thousand, JPY 100,000 thousand, GBP 3,200 thousand and NZD 3,000 thousand. The net value of forward contracts unsettled as at 29th of April, 2021 amounted to EUR 74,900 thousand, USD 19,500 thousand, JPY 100,000 thousand, GBP 3,200 thousand and NZD 3,000 thousand. Forward contracts are due within 44 months from the balance sheet date. All forward contracts were concluded in order to limit the impact of changes in currency exchange rates on the financial result related to commercial contracts carried out by the companies of the Comarch Group, in which the remuneration or costs are determined in foreign currencies. Balance sheet valuation of forward contracts as at 31st of March, 2021 was minus PLN 9,200 thousand, while as at 31st of December, 2020, it was minus PLN 3,243 thousand. Such a large change in the value of the balance sheet valuation of forward contracts within the first quarter of 2021 was caused by a significant depreciation of the PLN exchange rate against major foreign currencies.

3.12. Deferred Income Tax

	31 December 2020	31 December 2019
Deferred income tax assets		
Beginning of year:	35,002	35,045
<i>charged to financial result</i>	<i>35,002</i>	<i>35,045</i>
Movement on deferred income tax account charged to financial result		
recognition of an asset due to tax loss in other foreign companies	1,043	-
dissolution of an asset due to tax loss in other foreign companies	(59)	(39)
recognition of an asset due to tax loss in Polish companies	397	82
dissolution of an asset due to tax loss in Polish companies	(615)	-
recognition of an asset due to tax relief of the Parent Company due to activities in Special Economic Zone	8,384	9,958
dissolution of an asset due to tax relief of the Parent Company due to activities in Special Economic Zone	(9,958)	(11,162)
recognition of an asset due to temporary differences related to costs (depreciation, costs of research works)	9,076	6,571
dissolution of an asset due to temporary differences related to costs (depreciation, costs of research works)	(7,406)	(5,453)
End of year	35,864	35,002
<i>charged to financial result</i>	<i>35,864</i>	<i>35,002</i>

Deferred income tax assets

	Tax loss asset	Provisions for costs, revaluating write-offs	Asset due to tax relief related to income tax (SEZ)	Total
At 1 December 2019	4,717	19,166	11,162	35,045
(Charged)/ credited to the result for 2018	43	1,118	(1,204)	(43)
At 31 December 2019	4,760	20,284	9,958	35,002
<i>charged to financial result</i>	<i>4,760</i>	<i>20,284</i>	<i>9,958</i>	<i>35,002</i>
At 1 January 2020	4,760	20,284	9,958	35,002
(Charged)/ credited to the result for 2019	766	1,670	(1,574)	862
As at 31 December 2020	5,526	21,954	8,384	35,864
<i>charged to financial result</i>	<i>5,526</i>	<i>21,954</i>	<i>8,384</i>	<i>35,864</i>

The tax loss asset was created in amounts recoverable in accordance with applicable tax regulations.

Deferred tax provision	31 December 2020	31 December 2019
Deferred tax provision		
Beginning of year:	48,725	43,625
<i>charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>charged to financial result</i>	<i>43,295</i>	<i>38,195</i>
Movement on deferred tax liabilities charged to financial result		
recognition of a provision due to valuation of deposits of CCF FIZ	20	451
recognition of a provision due to temporary differences related to depreciation, currency differences and interest	4,185	7,073
dissolution of a provision due to temporary differences related to depreciation, currency differences and interest	(6,152)	(2,424)
End of the period	46,778	48,725
<i>charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>charged to financial result</i>	<i>41,348</i>	<i>43,295</i>

Deferred income tax provision

	Provision due to valuation of CCF FIZ	Provision due to valuation of Comarch SuB through fair value	Depreciation	Provisions (exchange differences, interest)	Provisions due to fair value valuation of MKS Cracovia SSA's assets	Provisions due to fair value valuation of A-MEA Informatik AG and ESAProjekt sp. z o.o.	Total
At 1 January 2019	22,323	-	-	15,872	5,430	-	43,625
<i>charged to financial result</i>	<i>22,323</i>	-	-	<i>15,872</i>	-	-	<i>38,195</i>
<i>charged to equity</i>	-	-	-	-	<i>5,430</i>	-	<i>5,430</i>
(Charged)/ credited to the result for 2019	451	-	-	4,649	-	-	5,100
As at 31 December 2019	22,774	-	-	20,521	5,430	-	48,725
<i>charged to financial result</i>	<i>22,774</i>	-	-	<i>20,521</i>	-	-	<i>43,295</i>
<i>charged to equity</i>	-	-	-	-	<i>5,430</i>	-	<i>5,430</i>
(Charged)/ credited to the result for 2020	20	-	-	(1,967)	-	-	(1,947)
As at 31 December 2020	22,794	-	-	18,554	5,430	-	46,778
<i>charged to financial result</i>	<i>22,794</i>	-	-	<i>18,554</i>	-	-	<i>41,348</i>
<i>charged to equity</i>	-	-	-	-	<i>5,430</i>	-	<i>5,430</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 December, 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). An investment relief due to the permit obtained in 2007 was fully utilized and amounted to 0 PLN as at the 31st of December, 2020. Limit of the unused investment tax relief under the permit obtained in 2013 amounted to PLN 27,335 thousand as at the 31st of December, 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 PLN 22,809 thousand as at the 31st of December, 2020 (after discounting at the permit date).

During the 2020, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2019, and worth PLN 7,406 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 9,076 thousand. An asset due to tax loss was established in the amount of PLN 1,440 thousand, as well as dissolution due to the same title in the amount of PLN 674 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 2,436 thousand.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years, selected from five years period (including the year for which the financial statement is prepared), after rejecting two extreme values.

During the 2020, the Group settled an asset created for the zone operations in the amount of PLN 9,958 thousand which were created as at 31st of December, 2019 and at the same time created in the amount of PLN 8,384 thousand. 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.

Due to valuation of net assets of CCF FIZ in 2020, a deferred tax provision was increased by PLN 20 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 4,185 thousand and dissolved in the amount of PLN 6,152 thousand. The total effect of the above-mentioned operations on the net result of 2020 was minus PLN 1,947 thousand.

Total changes in the deferred income tax resulted in an increase in result of PLN 2,809 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 possible to achieve in the coming years.

3.13. Inventories

	31 December 2020	31 December 2019
Raw materials	2,101	2,456
Work in progress	74,814	75,944
Goods	10,437	11,702
Finished goods	190	65
Advances due to goods	573	574
Total	88,115	90,741

The cost of inventories included in 'Costs of products, goods and materials sold' amounted to PLN 426,919 thousand (12 months ended the 31st of December, 2020), PLN 407,538 thousand (12 months ended the 31st of December, 2019).

In 2020, Comarch Group created write-offs of the value of goods and materials in the amount of PLN 113 thousand and of the finished goods in the amount of PLN 11 thousand. Comarch Group resolved

write-offs of the value of goods and materials in the amount of PLN 204 thousand and created in previous years.

3.14. Trade and Other Receivables

	31 December 2020	31 December 2019
Trade receivables – net	388,009	374,987
<i>Trade receivables- gross</i>	<i>457,257</i>	<i>447,083</i>
<i>Write-off revaluating receivables</i>	<i>(69,248)</i>	<i>(72,096)</i>
Other receivables	19,284	29,196
Short-term prepayments	18,020	14,135
Other prepayments	-	110
Loans	4,543	11,702
Receivables from related parties	2	52
<i>Receivables from related parties- gross</i>	<i>2</i>	<i>52</i>
<i>Write-off revaluating receivables</i>	<i>-</i>	<i>-</i>
Total	429,858	430,182
Current portion	<i>429,858</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. In 2020, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 41,921 thousand and resolved previously created write-offs in the amount of PLN 38,813 thousand due to the settlement of debts. These operations were included respectively in other operating income and expenses in the profit and loss account.

3.15. Long-term Contracts

	12 months ended 31 December 2020	12 months ended 31 December 2019
revenue from completed contracts recognised in the reporting period	106,186	62,583
revenue from not completed contracts recognised in the reporting period	543,854	436,521
revenue from not completed contracts recognised in the reporting period - an effect of settlement pursuant to IFRS 15	(11,244)	50,052
Revenue due to long-term contracts recognised in the reporting period	638,796	549,156

	31 December 2020	31 December 2019
The total amount of future revenue resulting from the provision of services under the signed contracts covered by the valuation	1,715,282	1,125,807

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 recognised results corresponds to revenue. At the end of the reporting period, long-term contracts were valued in accordance with the degree of work progress.

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

	31 December 2020	31 December 2019
Long-term contracts revenue included to the balance sheet date - determined according to the progress of work	2,069,821	1,480,569
Issued invoices	(2,060,031)	(1,459,535)
Total	9,790	21,034

	Long-term contracts receivables	Long-term contracts liabilities	Net
Value at 1 January 2019	134,800	(163,818)	(29,018)
Correction of the current period due to the application of IFRS 15	(6,537)	25,184	18,647
Correction of the current period	65,602	(34,197)	31,405
Value at 31 December 2019	193,865	(172,831)	21,034
Change	59,065	(9,013)	50,052
Value at 1 January 2020	193,865	(172,831)	21,034
Correction of the current period due to the application of IFRS 15	-	(3,493)	(3,493)
Correction of the current period	(36,424)	28,673	(7,751)
Value at 31 December 2020 r.	157,441	(147,651)	9,790
Change	(36,424)	25,180	(11,244)

3.16. Categories and Classes of Financial Instruments

Assets and financial liabilities are presented by categories (according to IFRS 9) as follows:

	31 December 2020	31 December 2019
Financial assets		
At fair value through the income statement (3.11)	2,716	7,662
Available-for-sale financial assets (3.10)	20,001	-
Own receivables, as well as cash and cash equivalents	886,351	765,226
Right-of-use assets (3.4)	88,222	73,636
Total	997,290	846,524
Financial liabilities		
At fair value through the income statement (3.11)	9,459	2,909
Other financial liabilities (3.22)	5,249	4,009
Financial liabilities	379,369	379,577
Lease liabilities (3.21)	94,287	74,731
Total	488,364	461,226

The following classes of financial instruments are presented within particular categories of instruments:

	31 December 2020	31 December 2019
Own receivables, as well as cash and cash equivalents		
Receivables from related parties (3.14)	2	52
Receivables from other entities - current (3.14)	431,286	433,684
Receivables from other entities - non-current	7,042	8,782
Cash and cash equivalents (3.17)	448,021	322,708
Available-for-sale financial assets (3.10)	20,001	-
At fair value through the income statement (3.11)	2,716	7,662
Right-of-use assets (3.4)	88,222	73,636
Total	997,290	846,524
Financial liabilities		
Liabilities due to credits (3.20)	156,936	182,809
Liabilities to related parties (3.24)	350	-
Liabilities to other entities - current (3.24)	215,778	191,770
Liabilities to other entities - non-current	6,305	4,998
At fair value through the income statement (3.10)	9,459	2,909
Lease liabilities (3.21)	94,287	74,731
Other financial liabilities	5,249	4,009
Total	488,364	461,226

Currency structure of financial liabilities and assets are presented as follows:

	Financial assets		Financial liabilities	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Currency - PLN	293,044	269,211	128,045	239,696
Currency - EUR	400,178	399,716	322,594	191,898
Currency - USD	90,838	68,806	8,333	5,214
Currency - GBP	60,180	26,428	12,843	4,139
Currency - UAH	852	1,219	451	169
Currency - AED	5,568	4,416	1,612	623
Currency - RUB	15,548	18,047	603	753
Currency - CHF	39,340	17,953	2,662	5,427
Currency - CAD	10,370	6,784	171	604
Currency - BRL	14,625	12,514	6,036	5,700
Currencies - other	66,747	21,430	5,014	7,003
Total	997,290	846,524	488,364	461,226

As at the 31st of December, 2019, maturity periods of particular classes of own receivables (trade receivables and cash equivalents) are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Receivables from related parties (3.14)	52	-	-	-	52
Receivables from other parties - current	433,035	645	1	3	433,684
Receivables from other parties – non-current	6,053	2,729	-	-	8,782
Cash and cash equivalent (3.17)	322,708	-	-	-	322,708
Available-for-sale financial assets (3.10)	-	-	-	-	-
At fair value through the income statement (3.11)	4,923	2,012	727	-	7,662
Right-of-use assets (3.4)	1,673	6,907	15,863	49,193	73,636
Total	768,444	12,293	16,591	49,196	846,524

As at the 31st of December, 2020, maturity periods of particular classes of own receivables (trade receivables and cash equivalents) are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Receivables from related parties (3.14)	2	-	-	-	2
Receivables from other parties - current (3.14)	430,665	613	8	-	431,286
Receivables from related parties – non-current	6,138	188	641	75	7,042
Cash and cash equivalent (3.17)	448,021	-	-	-	448,021
Available-for-sale financial assets (3.10)	20,001	-	-	-	20,001
At fair value through the income statement (3.11)	2,119	501	96	-	2,716
Right-of-use assets (3.4)	4,418	2,385	38,403	43,016	88,222
Total	911,364	3,687	39,148	43,091	997,290

As at the 31st of December, 2019, maturity periods of particular classes of financial liabilities are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Liabilities due to credits (3.20)	41,091	35,815	69,737	36,166	182,809
Liabilities to other entities - current	191,770,	-	-	-	191,770
Liabilities to other entities – non-current	-	4,998	-	-	4,998
Derivative financial instruments (3.11)	-	-	318	2,591	2,909
Lease liabilities (3.21)	15,730	11,910,	20,652	26,439	74,731
Other financial liabilities (3.24)	4,009	-	-	-	4,009
Total	252,600	52,723	90,707	65,196	461,226

As at the 31st of December, 2020, maturity periods of particular classes of financial liabilities are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Liabilities due to credits (3.20)	40,176	34,767	53,065	28,928	156,936
Liabilities to related parties (3.24)	294	56	-	-	350
Liabilities to other entities - current	215,474	304	-	-	215,778
Liabilities to other entities – non-current	-	257	5,685	363	6,305
Derivative financial instruments (3.11)	3,820	1,473	1,208	2,958	9,459
Lease liabilities (3.21)	19,142	14,484	25,554	35,107	94,287
Other financial liabilities (3.24)	5,249	-	-	-	5,249
Total	284,155	51,341	85,512	67,356	488,364

The Group has adopted the following methods of valuation for particular classes of financial instruments:

Own receivables	Valuation method
Receivables from related parties (3.14)	according to the adjusted acquisition price
Receivables from other entities – current (3.14)	according to the adjusted acquisition price
Receivables from other entities – non-current	according to the adjusted acquisition price
Cash and cash equivalents (3.17)	at fair value through profit or loss
Receivables from related parties (3.14)	according to the adjusted acquisition price
Receivables from other entities – current (3.14)	according to the adjusted acquisition price
Derivative instruments (3.11)	at fair value through profit or loss
Available-for-sale financial assets (3.10)	at fair value through profit or loss
Financial liabilities	Valuation method
Liabilities due to credits (3.20)	according to the adjusted acquisition price
Liabilities to related parties (3.24)	according to the adjusted acquisition price
Liabilities to other entities - current (3.24)	according to the adjusted acquisition price
Liabilities to other entities – non-current	according to the adjusted acquisition price
Lease liabilities (3.21)	according to the adjusted acquisition price
Liabilities due to credits (3.20)	according to the adjusted acquisition price
Derivative instruments (3.11)	at fair value through profit or loss

3.17. Cash and Cash Equivalents

	31 December 2020	31 December 2019
Cash in hand, cash at bank accounts	441,831	316,307
Current bank deposit	6,190	6,394
Total cash	448,021	322,701
Due interest on bank deposit	-	7
Total cash and cash equivalents	448,021	322,708

In 2020, effective interest rates for short-term bank deposits were 0.66% for PLN, 0.38% for USD, 1.93% for BRL, 19.8% for ARS, 1% for CAD. The average maturity period for these deposits was 48 days for PLN, 32 days for USD, 36 days for BRL, 34 days for ARS and 32 days for CAD. For the needs of the cash flow, cash and cash equivalents include cash in hand and deposits. Credit in the current account is included in financial operations.

	31 December 2020	31 December 2019
Cash with limited disposal rights		
security deposits set by companies in the Comarch Group in relation to concluded rental contracts and bank guarantees	283	283
funds received for implementation of projects co-financed with a subsidy	141	481
cash in a separate bank account of the Social Services and Residential Fund	1,004	553
cash to secure credit lines	1,950	1,669
Total	3,378	2,986

3.18. 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 December 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:

- 864,800 series A registered preference shares,
- 75,200 series A ordinary bearer shares,
- 883,600 series B registered preference shares,
- 56,400 series B ordinary bearer shares,
- 3,008,000 series C ordinary bearer shares,
- 1,200,000 series D ordinary bearer shares,
- 638,600 series E ordinary bearer shares,
- 125,787 series G ordinary bearer shares,
- 102,708 series G3 ordinary bearer shares,

- 563,675 series H ordinary bearer shares,
- 441,826 series I2 ordinary bearer shares,
- 91,041 series J2 ordinary bearer shares,
- 73,953 series K3 ordinary bearer shares,
- 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 18 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.

3.18.1. Information about Shareholders Holding Directly or Indirectly by Subsidiary Entities at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A., at the Date of Preparing the Financial Report

As at the date of the report's preparation:

- Janusz Filipiak held 1,997,027 shares (24.55% of the company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;
- Elżbieta Filipiak held 846,000 shares (10.40% of the company's share capital), which gave her 4,230,000 votes at the AGM and constituted 27.96% of all votes at the AGM;
- MetLife Open Pension Fund managed by MetLife PTE S.A. held 841,097 shares (10.34% of the company's share capital), which gave him 841,097 votes at the AGM and constituted 5.56% of all votes at the AGM;
- Nationale-Nederlanden Open Pension Fund i Nationale-Nederlanden Voluntary Pension Fund managed by Nationale-Nederlanden PTE S.A. held including 846,571 shares Comarch S.A. (10.41% of the company's share capital), which gave 846,571 votes at the AGM (5.60%), included Nationale-Nederlanden Voluntary Pension Fund managed by Nationale-Nederlanden PTE S.A. held 843,071 shares Comarch S.A. ((10.37 % of the company's share capital), which gave 843,071 votes at the AGM (5.57%).

3.18.2. Changes in Share Capital in 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.

On the 19th of December, 2020, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities (Zbigniew Rymarczyk) 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 purchase of 462 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 186.00 per 1 share, which value amounted to PLN 85,932, on the 18th of December, 2020. The company announced details in current report no. [RB-16-2020](#) (ENG: [RB-16-2020](#)) dated the 20th of December, 2020.

3.18.3. Changes in Share Capital after the Balance Sheet Date

None present.

3.19. Other Capitals

3.19.1. Parent Company Shareholders' Capitals

	Capital from change in ownership structure	Capital from valuation of the managerial option	Investment capital and capital for covering the budget commitments	Supplementary capital from sales over nominal value	Other capitals	TOTAL
As at 31 December 2019	(5,185)	25,140	745	84,446	37,895	143,041
As At 1 January 2020	(5,185)	25,140	745	84,446	37,895	143,041
Change in Ownership Structure	-	-	-	-	-	-
As at 31 December 2020	(5,185)	25,140	745	84,446	37,895	143,041

On the 24th of June, 2020, the General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2019 - 31 December 2019. The General Shareholder's Meeting decided that net profit for 2019 in financial year from the 1st of January, 2019 to the 31st of December, 2019 in the amount of PLN 57,627,263.86 will be divided as follows:

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

Management Board of Comarch S.A. by the date of publication of this report, has not made a decision regarding the proposed profit distribution for 2020.

3.19.2. Capitals Attributable to Interests not Entitled to Control

At 1 January 2019		17,962
Results of subsidiaries for general partners outside the Group		-
MKS Cracovia SSA share in profit		678
CAMS AG share in profit		(6)
Currency exchange differences		(1)
At 31 December 2019		18,633
At 1 January 2020		18,633
Results of subsidiaries for general partners outside the Group		-
MKS Cracovia SSA share in profit		29
CAMS AG share in profit		(167)
Currency exchange differences		13
As at 31 December 2020		18,508

We present data of subsidiary MKS Cracovia SSA. In the other subsidiaries, interests not entitled to control are insignificant.

Name of company: MKS Cracovia SSA,

Main country of company's activities and country of registration: Poland,

Proportion of shares held by interests not entitled to control: 33.89%,

Proportion of votes held by interests not entitled to control, if differs from the proportion of held Shares: 33.89%,

Financial result attributable to subsidiary's minority interest, during the reporting period: minus PLN 138 thousand.

Total subsidiary's minority interest as at the end of the reporting period: minus PLN 18,508 thousand.

Condensed financial information about subsidiary Cracovia SSA

The following tables present a summary of financial data of a significant subsidiary, which holds interests not entitling to control. The below mentioned amounts constitute amounts from financial statements prepared pursuant to the IFRS (adjusted by the Group):

MKS Cracovia SSA	31 December 2020	31 December 2019
Current assets	13,361	22,206
Non-current assets	88,894	55,574
Current liabilities	20,825	16,400
Non-current liabilities	26,714	6,751

MKS Cracovia SSA	12 months ended 31 December 2020	12 months ended 31 December 2019
Revenue	39,936	37,695
Profit (loss) from continued activities	87	2,001
Profit (loss) from discontinued activities (after tax)	-	-
Net profit (loss) for the period	87	2,001
Other total income for the period	-	-
Total income for the period	87	2,001

3.20. Credits and Loans

	31 December 2020	31 December 2019
Non-current		
Non revolving credits	115,617	136,880
Revolving credits	-	-
Loans	1,143	4,838
	116,760	141,718
Current		
Non revolving credits	34,723	36,386
Revolving credits	413	-
Loans	5,040	4,705
	40,176	41,091
Total credit and loans	156,936	182,809

3.20.1. 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	BNP Paribas Bank Polska S.A.	44,000	PLN	2,309 (2,919 as at 31 December 2019)	EUR	10,655 (12,432 as at 31 December 2019)	PLN	EURIBOR1M + bank margin IRS until the 29- 07-2024	29.07.2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	387	EUR	1,784	PLN	EURIBOR1M + bank margin	29.09.2021	mortgage on the SSE5 building, assignment of rights from the building's

office buildings SSE5 in Krakow - refinancing				(902 as at 31 December 2019)		(3,840 as at 31 December 2019)				insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A.	Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	7,400	EUR	0	EUR	0	PLN	EURIBOR1M + bank margin	31.12.2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
nonrevealing operating credit				(953 as at 31 December 2019)		(4,057 as at 31 December 2019)				
Comarch S.A.	Bank Polska Kasa Opieki S.A.	13,323	EUR	4,848	EUR	22,372	PLN	EURIBOR1M + bank margin	30.11.2023	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
office buildings SSE6 in Krakow				(6,507 as at 31 December 2019)		(27,711 as at 31 December 2019)		IRS until the 30-11-2023		
Comarch S.A.	Bank Handlowy w Warszawie S.A.	13,333	EUR	11,340	EUR	52 330	PLN	EURIBOR1M + bank margin	29.02.2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
office buildings SSE7 in Krakow				(12,920 as at 31 December 2019)		(55,018 as at 31 December 2019)		IRS until the 29-02-2028		
Comarch S.A.	DNB Bank Polska S.A.	2,531	EUR	1,050	EUR	4,848	PLN	EURIBOR1M + bank margin	30.12.2023	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
Non-current assets - equipment of Internet of Things laboratory in Krakow				(1,400 as at 31 December 2019)		(5,961 as at December 2019)				
Bonus Development sp. z o.o. SK-A	Bank Polska Kasa Opieki S.A.	9,262	EUR	6,041	EUR	27,878	PLN	EURIBOR1M + bank margin	31.05.2030	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, suretyship from Comarch SA, declaration on submission to enforcement Comarch SA.
Office building in Lodz				(6,680 as at 31 December 2019)		(28,448 as at 31 December 2019)		IRS until the 31-05-2030		

Comarch S.A.S, Comarch S.A.	BNP Paribas Bank Polska S.A	8,000	EUR	3,600 (4,908 as at 31 December 2019)	EUR	16,613 (20,900 as at 31 December 2019)	PLN	EURIBOR3M + bank margin	18.09.2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	3,500	EUR	2,567 (3,499 as at 31 December 2019)	EUR	11,843 (14,899 as at 31 December 2019)	PLN	EURIBOR1M + bank margin	23.08.2023	Declaration of submission to enforcement
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	2,300	EUR	437 (0 as at 31 December 2019)	EUR	2,018 (0 as at 31 December 2019)	PLN	EURIBOR1M + bank margin	29.06.2025	Declaration of submission to enforcement
Comarch S.A.	IBM Global Financing Polska sp. z o.o.	12,980	PLN			2,142 (4,850 as at 31 December 2019)	PLN	Fixed interest rate	01.03.2022	none
Comarch Polska S.A.	IBM Global Financing Polska sp. z o.o.	3,475	PLN			1,274 (2,144 as at 31 December 2019)	PLN	Fixed interest rate	01.05.2022	Suretyship by Comarch S.A.
Comarch S.A.	IBM Global Financing Polska sp. z o.o.	3,139	PLN			1,193 (1,944 as at 31 December 2019)	PLN	Fixed interest rate	01.05.2022	none
Comarch S.A.	IBM Global Financing Polska sp. z o.o.	1,814	PLN			0 (605 as at 31 December 2019)	PLN	Fixed interest rate	01.05.2020	none
Comarch S.A.	IBM Global Financing Polska sp. z o.o.	1,825	PLN			1,140 (0 as at 31 December 2019)	PLN	Fixed interest rate	01.03.2022	none

Comarch S.A.				0		0				A promissory note, registered pledge on the Object of Financing, conditional (i.e. until the establishment of a registered pledge) transfer of ownership to secure the Object of Financing, assignment from the insurance policy of the Object of Financing
asset	PKO Leasing S.A.	5,000	EUR	(0 as at 31 December 2019)		(0 as at 31 December 2019)	PLN	EURIBOR1M + margin	29.02.2028	
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)	CAISSE D'EPARGNE	30	EUR	24	EUR	79	PLN	Fixed interest rate	05.02.2023	None
Financing of activities						(0 as at 31 December 2019)				
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)	CAISSE D'EPARGNE	51	EUR	21	EUR	100	PLN	Fixed interest rate	05.12.2021	none
Financing of activities						(0 as at 31 December 2019)				
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)	HSBC	200	EUR	63	EUR	254	PLN	Fixed interest rate	01.01.2022	suretyship
						(0 as at 31 December 2019)				

The value of liabilities due to bank credits and loans was recognised 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. 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's bank credits to interest rate risk arises from investment credits (at variable interest rates). Group optimises interest by continuously monitoring its interest rate structure and appropriately adjusting the basic interest rate of its credits.

The exposure of Group bank credits to interest rate changes

Exposure to Comarch Group loans and borrowings with the interest rate risk	1 year or less	1-5 years	Over 5 years	Total
As at 31 December 2019				
Credits and loans	41,091	105,552	36,166	182,809
As at 31 December 2020				
Credits and loans	40,176	87,832	28,928	156,936

The maturity of non-current bank credits, loans

	31 December 2020	31 December 2019
Between 1 and 2 years	34,767	35,815
Between 2 and 5 years	53,065	69,737
Over 5 years	28,928	36,166
	116,760	141,718

Currency structure of the balance sheet values of credits, loans

	31 December 2020	31 December 2019
In Polish currency	5,749	9,542
In EUR (equivalence in PLN)	151,187	173,267
	156,936	182,809

The effective interest rates at the balance sheet date

	31 December 2020	31 December 2019
Bank credits	1.46%	1.53%
Loans	2.44%	2.93%

3.20.2. Revolving Credits and Loans

Debtor / Subject of financing	Financial Institution	Total amount of credit/loan		Liability as at the balance sheet date				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. Financing operating activities	BNP Paribas Bank Polska S.A.	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	17.12.2021	Blank promissory note
Comarch S.A. Financing operating activities	Bank Polska Kasa Opieki S.A.	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30.06.2021	declaration of submission to enforcement
Comarch S.A. Financing operating activities	CaixaBank S.A. Oddział w Polsce	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	23.08.2021	declaration of submission to enforcement
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	CAISSE D'EPARGNE	200	EUR	89	EUR	413	PLN	EURIBOR + margin	31.03.2021	none

	31 December 2020	31 December 2019
Current credit lines granted, expiring within one year, including:	80,923	60,000
– used at the balance sheet date	413	-
– available at the balance sheet date	80,510	60,000

3.20.3. Changes in Credit and Lease Liabilities

	Opening balance 2020	Decrease	Increase	Exchange rate differences	Closing balance 2020
Credits or loans	182,809	45,506	4,696	14,937	156,936
Lease liabilities	74,731	21,249	37,608	3,197	94,287
Total	257,540	66,755	42,304	18,134	251,223

3.21. Lease Liabilities

	31 December 2020	31 December 2019
Leasing of means of transport and IT equipment	1,962	1,744
Lease	64,535	54,297
Perpetual usufruct	27,790	18,690
<i>Current portion</i>	<i>19,142</i>	<i>15,730</i>
<i>Non-current portion</i>	<i>75,145</i>	<i>59,001</i>
Total	94,287	74,731

The value of lease liabilities results from the implementation of IFRS 16 from 1st of January, 2019. As at 1st of January, 2019, the value of lease liabilities was PLN 74,402 thousand.

Structure of lease liabilities due to the period of use

	1 year or less	2-5 years	Over 5 years	Total
Leasing of means of transport and IT equipment	1,096	866	0	1,962
Lease	18,149	38,956	7,430	64,535
Perpetual usufruct	(103)	216	27,677	27,790
Lease liabilities	19,142	40,038	35,107	94,287

3.22. Other Financial Liabilities

	31 December 2020	31 December 2019
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities due to promissory notes	5,249	4,009
<i>Current portion</i>	5,249	4,009
<i>Non-current portion</i>	-	-
Total	5,249	4,009

Other financial liabilities concern bills of exchange in Bonus Management Sp. from the o. o. SK-A issued on 16 December 2019 with maturity date of 16 December 2020.

As at 31st of December, 2020, other financial liabilities are related to the promissory notes in Bonus Management sp. z o.o. SK-A with maturity falling in the second quarter of 2021 and promissory notes in Bonus Management sp.z o.o. II ACTIVIA SKA with maturity falling in the first quarter of 2021.

3.23. Provisions for Other Liabilities and Charges

	Costs related to the current period, which will be incurred in future	Provisions for contracts costs	Provisions for contractual penalties	Provisions for leaves	Provisions for cash rewards	Provisions for pension and similar	Total
As 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)
As at 31 December 2019	4,718	14,075	25,893	33,097	102,625	-	180,408
<i>Current</i>	4,718	14,075	25,893	33,097	102,625	-	180,408
<i>Non-current</i>	-	-	-	-	-	-	-
As at 1 January 2020	4,718	14,075	25,893	33,097	102,625	-	180,408
Change:	(1,379)	(530)	(13,585)	10,445	20,262	1,803	17,016
<i>Provisions created</i>	14,662	16,982	2,620	32,159	113,023	1,803	181,249
<i>Provisions used and dissolved</i>	(16,041)	(17,512)	(16,205)	(21,714)	(92,761)	-	(164,233)
As at 31 December 2020	3,339	13,545	12,308	43,542	122,887	1,803	197,424
<i>Current</i>	3,339	13,545	12,308	43,542	122,887	-	195,621
<i>Non-current</i>	-	-	-	-	-	1,803	1,803

All provisions were calculated based on credible estimate as of the balance sheet date. Costs of the current period refer to provisions established for costs on account of audits of financial statements, archive and other administrative costs, as well as credit cards' settlements. Provisions for costs of contracts refer to recognition of the forecast losses in contracts.

Analysis of total provisions:

	31 December 2020	31 December 2019
Non-current	1,803	-
Current	195,621	180,408

3.24. Trade and Other Payables

	31 December 2020	31 December 2019
Trade payables	51,094	60,205
Advances received due to services	4,447	1,101
Liabilities to related parties	350	-
Liabilities due to social insurance and other tax charges	77,266	61,801
Investments liabilities	1,878	1,177
Proceeds from future periods	39,934	29,034
Other payables	7,298	6,373
Special funds (Social Services Fund and Residential Fund)	1,327	1,689
Liabilities due to remuneration	32,534	30,390
Total	216,128	191,770

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

3.25. Contingent Liabilities

On the 31st of December, 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 91,066 thousand, whereas it was PLN 90,725 thousand on the 31st of December, 2019.

On the 31st of December, 2020, the value of bank guarantees issued by banks on order from Comarch Software und Beratung was EUR 422 thousand (i.e. PLN 1,949 thousand), whereas it was EUR 392 thousand (i.e. PLN 1,668 thousand) on the 31st of December, 2019.

On the 31st of December, 2020, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (i.e. PLN 74 thousand), whereas it was EUR 16 thousand (i.e. PLN 68 thousand) on the 31st of December, 2019.

On the 31st of December, 2020, the value of bank guarantees issued by banks on order from Comarch Swiss AG was CHF 32 thousand (i.e. PLN 135 thousand), whereas it was CHF 0 (i.e. PLN 0) on the 31st of December, 2019.

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

Granted credit lines for financing of current activities (guarantees, letters of credit, credit lines in current account)

	31 December 2020	31 December 2019
Credit lines*	245,504	239,273
	245,504	239,273

(*) they comprise credit lines at current account that are described in point [3.20](#).

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 26,262 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of December, 2020, and are worth PLN 1,831 thousand. In 2020, Comarch Group created provisions for claims covered by legal proceedings in the amount of PLN 134 thousand and resolved provisions in this respect for the amount of PLN 9,424 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 20,181 thousand. Provisions for part of these claims presented in the balance sheet as at the 31st of December, 2020, and are worth PLN 3,466 thousand. In 2020, Comarch Group created provisions for matters in disputes, but not legal proceedings in the amount of PLN 370 thousand and resolved provisions in this respect for the amount of PLN 570 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 legal proceedings, in 2020 the Comarch Group created write-offs that revalue receivables in the amount of PLN 6,774 thousand.

Due to the matters in disputes, but not legal proceedings in 2020 the Comarch Group created write-offs that revalue receivables in the amount of PLN 3,392 thousand.

3.26. Revenue from Sales

Sales revenue disclosed in this note is presented differently by market location than in note 3.2, where it is presented by location of operations.

3.26.1. Revenue from Sales – Geographical Structure

	12 months ended 31 December 2020	%	12 months ended 31 December 2019	%	12 months ended 31 December 2018	%
Domestic (Poland)	637,943	41.5%	594,021	41.3%	632,372	46.2%
DACH	288,691	18.8%	279,899	19.5%	241,637	17.6%
Other countries	610,119	39.7%	563,503	39.2%	495,610	36.2%
Total	1,536,753	100.0%	1,437,423	100.0%	1,369,619	100.0%

3.26.2. Sales Structure by Customers

	12 months ended 31 December 2020	%	12 months ended 31 December 2019	%	12 months ended 31 December 2018	%
Telecommunication, Media, IT	302,588	19.7%	335,846	23.4%	316,416	23.1%
Finance and Banking	259,151	16.9%	191,054	13.3%	204,532	14.9%
Trade and Services	237,137	15.4%	251,743	17.5%	202,406	14.8%
Industry & Utilities	179,019	11.6%	179,336	12.5%	138,344	10.1%
Public Sector	154,541	10.1%	130,352	9.1%	193,000	14.1%
MSP – Poland	206,169	13.4%	190,421	13.2%	160,874	11.7%
MSP – DACH	122,146	7.9%	100,411	7.0%	99,568	7.3%
Medicine	40,820	2.7%	25,919	1.8%	27,351	2.0%
Others	35,182	2.3%	32,341	2.2%	27,128	2.0%
Total	1,536,753	100.0%	1,437,423	100.0%	1,369,619	100.0%

3.26.3. Sales Structure by Products (thousand of PLN)

	12 months ended 31 December 2020	%	12 months ended 31 December 2019	%	12 months ended 31 December 2018	%
Services	1,175,323	76.5%	1,074,965	74.8%	992,627	72.4%
Proprietary Software	259,952	16.9%	249,442	17.3%	207,271	15.1%
Third-party software	18,219	1.2%	30,997	2.2%	24,041	1.8%
Finished Goods	13,104	0.8%	11,676	0.8%	42,216	3.1%
Computer hardware	18,597	1.2%	19,134	1.3%	55,728	4.1%
Medical Services	12,452	0.8%	10,345	0.7%	11,705	0.9%
Others	39,106	2.6%	40,864	2.9%	36,031	2.6%
Total	1,536,753	100.0%	1,437,423	100.0%	1,369,619	100.0%

3.27. Costs of Products, Services, Goods and Materials Sold

I/1 Costs by types	12 months ended 31 December 2020	12 months ended 31 December 2019
Depreciation of property, plant and equipment in use and intangible assets	86,291	84,929
Costs of social benefits	871,346	816,186

Change in products and work in progress	58,683	13,615
Consumption of raw materials and auxiliary materials	27,280	32,583
Third party services	178,683	199,675
Taxes and charges	12,061	13,094
Other costs	41,230	50,830

Costs of products sold, services, marketing and distribution as well as administrative costs, including:	1,275,574	1,210,912
- manufacturing costs	990,060	938,847
- costs of sales	143,874	145,545
- general costs	121,024	127,937
- exchange differences on liabilities	20,616	(1,417)
I/2 Costs of goods and materials sold	74,489	77,654

I/3 Costs of work execution within the framework of union projects	1,064	1,614
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I/4 Total costs of products sold, services, marketing, administrative, goods, materials and work execution within the framework of union projects	1,351,127	1,290,180
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II. Costs of social benefits	12 months ended 31 December 2020	12 months ended 31 December 2019
Remuneration	739,565	692,958
Social insurance	119,826	109,393
Social Services Fund	1,827	1,832
Training	1,498	3,587
Health and Safety at Work	1,675	1,569
Other	6,955	6,847
Total	871,346	816,186

3.28. Other Operating Revenue

Other operating revenue and profits	12 months ended 31 December 2020	12 months ended 31 December 2019
Recovered communication damages	59	115
Outdated liabilities	125	-
Dissolving write-offs revaluating receivables	38,813	21,108
Received contractual penalties	200	-
Earnings on disposal on non-financial non-current assets	5,126	8,304
Refund of VAT	351	195
Subsidies	4,370	-

Remission of liabilities	1,164	2,560
Other	4,051	2,038
Total	54,259	34,320

3.29. Other Operating Costs

Other operating costs and losses	12 months ended 31 December 2020	12 months ended 31 December 2019
Write-off that revaluates assets (impairment)	108	84
Membership fees	1,312	1,216
Donations	35	147
Loss on non-current assets disposal and decommissioning	450	221
Write-off that revaluates receivables	41,921	31,098
Compensation	538	1
Other	3,960	5,413
Total	48,324	38,180

3.30. Finance Costs – Net

Other operating income and profits	12 months ended 31 December 2020	12 months ended 31 December 2019
Interest expense, including:	(4,158)	(4,737)
- <i>Interest on borrowings</i>	(1,945)	(3,295)
- <i>Other</i>	(2,213)	(1,442)
Gains on bank deposits	464	352
Gains/(losses) on disposal of financial assets	373	5,290
Net gains/(losses) on exchange differences (note 3.32)	(10,550)	(2,816)
Fair value valuation of financial instruments and investment	(11,592)	2,994
Other, including:	(1,844)	(2,097)
- <i>other</i>	(1,844)	(2,097)
Total	(27,307)	(1,014)

3.31. Income Tax

	12 months ended 31 December 2020	12 months ended 31 December 2019
Current tax	46,571	31,707
Deferred tax	(2,810)	5,144
Total	43,761	36,851

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	12 months ended 31 December 2020	12 months ended 31 December 2019
Consolidated gross profit before tax	164,254	142,369
Differences between gross profit and basis of taxation:		
- Consolidation adjustments	9,510	(2,372)
- Exclusions of losses in consolidated companies	62,130	69,486
Sum of gross profits in consolidated entities (nominal basis of taxation with the assumption of correspondence of balance sheet profit with the basis of taxation)	235,894	209,483
Tax calculated with the nominal rate on gross profit	48,899	43,177
Nominal tax rate	20.73%	20.61%
Permanent and temporary differences between gross profit and the actual basis of taxation, including:	(14,728)	(65,701)
- Utilisation of previously recognised tax losses	(4,246)	(2,428)
- Differences between basis of taxation and gross profit	40,102	(12,123)
- Income not subject to tax (due to activities in SEZ)	(47,685)	(44,233)
- Other - income not subject to tax	(2,899)	(6,917)
Taxable base from income tax	221,166	143,782
Tax calculated at tax rate for the Group	46,571	31,707
Effective tax rate	19.74%	15.14%

Tax authorities of the Parent Company country of origin can run inspections for books of account and tax settlements within 5 years since the end of the year, in which tax returns were filed and can charge additional tax on the Group along with penalties and interest. In the opinion of the Management Board of the Parent Company, there are no circumstances indicating possibility of arising significant liabilities on this account.

3.32. Net Foreign Exchange (Looses) /Gains

The exchange differences (charged)/credited to the income statement are included as follows:

	12 months ended 31 December 2020	12 months ended 31 December 2019
Revenue from sales	12,781	(603)
Costs of products, goods and materials sold	(20,616)	1,417
Finance costs-net	(10,550)	(2,816)
Total	(18,385)	(2,002)

3.33. Earnings per Share

	12 months ended 31 December 2020	12 months ended 31 December 2019
Net profit for the period attributable to equity holders of the Company	120,631	104,846
Weighted average number of shares in issue (thousands)	8,133,349	8,133,349
Basic earnings per share (PLN)	14.83	12.89
Diluted number of shares (thousands)	8,133,349	8,133,349
Diluted earnings per share (PLN)	14.83	12.89

Basic earnings per share in the column "12 months ended 31 December 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 December, 2020, by the weighted average number of shares in issue between the 1st of January, 2020, to the 31st of December, 2020, where the number of days is the weight. Basic earnings per share in the column "12 months ended 31 December 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 December, 2019, by the weighted average number of shares in issue between the 1st of January, 2019, to the 31st of December, 2019, where the number of days is the weight.

Diluted earnings per share in the column "12 months ended 31 December 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 December, 2020, by the sum of the weighted average number of shares in issue between the 1st of January, 2020, to the 31st of December, 2020, where the number of days is the weight. Diluted earnings per share in the column "12 months ended 31 December 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 December, 2019, by the sum of the weighted average number of shares in issue between the 1st of January, 2019, to the 31st of December, 2019, where the number of days is the weight.

3.34. Related-Party Transactions

3.34.1. Revenue from Sales of Goods and Services

	12 months ended 31 December 2020	12 months ended 31 December 2019
Revenue from sales of goods		
SoInteractive S.A.	-	-
	-	-
Revenue from sales of services		
SoInteractive S.A.	16	79
	16	79
	16	79

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

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

3.34.2. Purchases of Goods and Services

	12 months ended 31 December 2020	12 months ended 31 December 2019
Purchases of goods	-	
SoInteractive S.A.	-	73
	-	73
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	-	434
<i>Included in other costs</i>	-	27
	-	461
Total	-	534

Price for services and goods is usually negotiated with related entities using one of the above methods. In the reporting period, there were no significant transactions with related entities other than those listed above.

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

	12 months ended 31 December 2020	12 months ended 31 December 2019
Receivables from related parties		
SoInteractive S.A.	2	52
	2	52
Payables to related parties		
SoInteractive S.A.	-	-
	-	-

3.34.4. Transactions with Associates and Personally Related Entities

	12 months ended 31 December 2020	12 months ended 31 December 2019
Purchases from personally related entities	3,346	4,380
Sales to personally related entities	1,736	1,578
Loans and interest on loans paid by personally related entities	6,762	1,987

Loans and interest on loans granted to personally related entities	-	-
Purchases from associates	-	534
Sales to associates	16	79
Loans and interest on loans paid by associates	577	2,171
Loans and interest on loans granted to associates	-	300

3.35. Value of Remuneration of the Managing and Supervising Persons in 2020 and 2019

Remuneration of members of the Management Board of Comarch S.A. in 2020 were PLN 28,504,773.15 in total. Remuneration of members of the Management Board of Comarch S.A. in 2020 paid by subsidiaries and associates were PLN 7,829,165.95 in total. Remuneration of members of the Management Board of Comarch S.A. in 2019 were PLN 23,921,425.15 in total. Remuneration of members of the Management Board of Comarch S.A. in 2019 paid by subsidiaries and associates were PLN 7,644,353.52 in total.

Remunerations presented in this note include remunerations actually paid in 2020 (including bonuses for the previous periods covered by provisions as at 31st of December, 2019). Remunerations do not include unpaid bonuses for the year 2020 (covered by provisions as at 31st of December, 2020).

In 2020 and 2019, there were no incentive or bonus programs based on Comarch S.A.'s capital.

2019 (in PLN)

	Comarch S.A.'s Management Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Janusz Filipiak	8,984,948.76	5,993,673.31	14,978,622.07
2	Marcin Dąbrowski	1,392,505.69	309,726.60	1,702,232.29
3	Paweł Prokop	264,161.76	374,796.76	638,958.52
4	Andrzej Przewięźlikowski	474,703.39	154,863.30	629,566.69
5	Zbigniew Rymarczyk	2,833,490.51	317,323.36	3,150,813.87
6	Konrad Tarański	651,941.06	331,510.12	983,451.18
7	Marcin Warwas	1,675,320.46	162,460.06	1,837,780.52
	Total	16,277,071.63	7,644,353.51	23,921,425.14

	Comarch S.A.'s Supervisory Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Elżbieta Filipiak	240,000.00	1,034,125.50	1,274,125.50
2	Maciej Brzeziński	35,000.00	0.00	35,000.00
3	Andrzej Pach	30,000.00	0.00	30,000.00
4	Robert Bednarski	35,000.00	0.00	35,000.00
5	Danuta Drobniak	60,000.00	0.00	60,000.00
6	Łukasz Kalinowski	30,000.00	0.00	30,000.00
7	Joanna Krasodomska	30,075.00	0.00	30,075.00
8	Wojciech Kucharzyk	35,000.00	0.00	35,000.00
9	Anna Ławrynowicz	35,000.00	0.00	35,000.00
10	Anna Pruska	60,000.00	20,140.12	80,140.12

11	Tadeusz Włudyka	30,000.00	0.00	30,000.00
	Total	620,075.00	1,054,265.62	1,674,340.62

At the Annual General Shareholders' Meeting, which took place on 26th of June, 2019, the members of the Supervisory Board were appointed: Ms. Elżbieta Filipiak as the Chairman of the Supervisory Board, Mr. Andrzej Pach as the Vice-Chairman of the Supervisory Board and Mrs. Danuta Drobnik, Mr. Łukasz Kalinowski, Mrs. Joanna Krasodomska, Mrs. Anna Pruska, Mr. Tadeusz Włudyka were appointed to act as members of the Supervisory Board of Comarch S.A.

	Comarch S.A.'s Management Board	Paid from the Comarch S.A.'s net profit as a dividend
1	Janusz Filipiak	2,995,540.50
2	Marcin Dąbrowski	0.00
3	Paweł Prokop	45,225.00
4	Andrzej Przewięźlikowski	0.00
5	Zbigniew Rymarczyk	50,307.00
6	Konrad Tarański	15,912.00
7	Marcin Warwas	15,912.00
	Total	3,122,896.50

2020 (in PLN)

	Comarch S.A.'s Management Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Janusz Filipiak	12,490,414.93	6,344,926.15	18,835,341.08
2	Marcin Dąbrowski*	69,154.50	322,139.40	391,293.90
3	Paweł Prokop	265,545.07	158,832.93	424,378.00
4	Andrzej Przewięźlikowski	595,942.71	161,069.70	757,012.41
5	Zbigniew Rymarczyk	3,265,361.88	329,772.33	3,595,134.21
6	Konrad Tarański	904,997.05	343,722.80	1,248,719.85
7	Marcin Warwas	3,084,191.06	168,702.63	3,252,893.69
	Total	20,675,607.20	7,829,165.95	28,504,773.15

*) On 29th of January, 2020, Mr. Marcin Dąbrowski, head of the telecommunications sector, resigned from the position of Vice President of the Management Board of Comarch S.A. with effect from 29th of January, 2020.

	Comarch S.A.'s Supervisory Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Elżbieta Filipiak	240,000.00	1,075,569.77	1,315,569.77
2	Andrzej Pach	60,000.00	0.00	60,000.00
3	Danuta Drobnik	60,000.00	0.00	60,000.00
4	Łukasz Kalinowski	60,000.00	0.00	60,000.00
5	Joanna Krasodomska	61,770.91	0.00	61,770.91
6	Anna Pruska	60,468.10	21,721.57	82,189.67
7	Tadeusz Włudyka	61,041.92	0.00	61,041.92
	Total	603,280.93	1,097,291.34	1,700,572.27

	Comarch S.A.'s Management Board	Paid from the Comarch S.A.'s net profit as a dividend
1	Janusz Filipiak	2,995,540.50
2	Marcin Dąbrowski*	0.00
3	Paweł Prokop	45,225.00
4	Andrzej Przewięźlikowski	0.00
5	Zbigniew Rymarczyk	50,307.00
6	Konrad Tarański	15,912.00
7	Marcin Warwas	15,912.00
	Total	3,122,896.50

*) On 29th of January, 2020, Mr. Marcin Dąbrowski, head of the telecommunications sector, resigned from the position of Vice President of the Management Board of Comarch S.A. with effect from 29th of January, 2020.

3.36. Information About Shareholders and Shares Held by Members of the Management Board and the Board of Supervisors

3.36.1. Information about Shareholders Holding Directly or Indirectly by Subsidiary Entities at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A., at the Date of Preparing the Financial Report

- Janusz Filipiak held 1,997,027 shares (24.55% of the company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;
- Elżbieta Filipiak held 846,000 shares (10.40% of the company's share capital), which gave her 4,230,000 votes at the AGM and constituted 27.96% of all votes at the AGM;
- MetLife Open Pension Fund managed by MetLife PTE S.A. held 841,097 shares (10.34% of the company's share capital), which gave him 841,097 votes at the AGM and constituted 5.56% of all votes at the AGM;
- Nationale-Nederlanden Open Pension Fund i Nationale-Nederlanden Voluntary Pension Fund managed by Nationale-Nederlanden PTE S.A. held including 846,571 shares Comarch S.A. (10.41% of the company's share capital), which gave 846,571 votes at the AGM (5.60%), included Nationale-Nederlanden Voluntary Pension Fund managed by Nationale-Nederlanden PTE S.A. held 843,071 shares Comarch S.A. ((10.37 % of the company's share capital), which gave 843,071 votes at the AGM (5.57%).

3.36.2. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between the 1st of March, 2021 and the 30th of April, 2020

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the quarterly consolidated report for the four quarters of 2020, i.e. the 1st of March, 2021, and on the 30th of April, 2021, pursuant to the information possessed by the company.

Members of the Management Board and the Board of Supervisors	Position	At 1 March 2021		At 30 April 2021	
		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	34,000	0.22	34,000	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
Number of issued shares		8,133,349	100.00	8,133,349	100.00

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

3.37.1. Deferred Income Tax Asset and Provisions

During the 2020, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2019, and worth PLN 7,406 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 9,076 thousand. An asset due to tax loss was established in the amount of PLN 1,440 thousand, as well as dissolution due to the same title in the amount of PLN 674 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 2,436 thousand.

During the 2020, the Group settled an asset created for the zone operations in the amount of PLN 9,958 thousand which were created as at 31st of December, 2019 and at the same time created in the amount of PLN 8,384 thousand. 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.

Total changes in asset resulted in an increase in result of PLN 862 thousand.

Due to valuation of net assets of CCF FIZ in 2020, a deferred tax provision was increased by PLN 20 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in

the amount of PLN 4,185 thousand and dissolved in the amount of PLN 6,152 thousand. The total effect of the above-mentioned operations on the net result of 2020 was minus PLN 1,947 thousand.

Total changes in the deferred income tax resulted in an increase in result of PLN 2,809 thousand.

3.37.2. 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 as at the 31st of December, 2020, increased revenue and operating profit of Comarch Group in 2020 by PLN 12,781 thousand. Negative realized foreign exchange rate differences and from the balance sheet valuation of trade liabilities in 2020 decreased the operating result by PLN 20,616 thousand (while the realized foreign exchange rate differences and the balance sheet valuation of exchange differences on receivables and liabilities as at 31st of December, 2019 increased the revenue and operating result of the Comarch Group by PLN 814 thousand).

Exchange rate differences from other activities decreased the result of Comarch Group by PLN 10,550 thousand (while in 12 months of 2019 decreased by PLN 2,816 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) with a deferred tax asset in reference to the valuation of the financial instruments decreased the Comarch Group's result by PLN 10,174 thousand (while in the corresponding period of 2019 increased by PLN 7,697 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 12 months of 2020 amounted to minus PLN 27,827 thousand (plus PLN 5,695 thousand in 12 months of 2019).

3.37.3. Creation of Write-Offs for Bad Debts

In the period of 12 months of 2020, the Comarch Group created impairment losses on trade receivables in the amount of PLN 41,921 thousand and dissolved previously created write-offs in the amount of PLN 38,813 thousand in connection with the payment of receivables. These operations were recognized in other operating costs and revenue in the profit and loss account, respectively. Details are described in section [3.14](#).

3.37.4. Resignation of the Managing Person

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

3.37.5. 2CSI Shares Purchase Agreement

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

3.37.6. Settlement with One of the Clients

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

After the settlement, the Comarch Group released the provision in the amount of PLN 5,294 thousand, which was included in the financial statements for the first quarter of 2020, and the value of potential, total third party claims in which the Comarch Group was the defendant in court proceedings decreased by PLN 26,387 thousand.

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

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

The credit collaterals:

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

3.37.8. Acquisition of Land Property

On the 12th August, 2020, Comarch Inc. acquired undeveloped land property in Mesa, Arizona, USA. The acquired land of 12,141 m² is located in the Elliot Road Technology Corridor, where the largest high-tech companies operate. A modern Comarch Data Centre server room will be built on the acquired land, where the company will provide its services to the most demanding customers from the USA and other countries of North and South America. The company plans to start the investment in 2021.

In 2020, Bonus Management Sp. z o.o. SKA acquired a land property and 2 service and warehouse buildings with an area of 2,611 m² located in Zabierzów, with a total value of PLN 3,900 thousand.

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

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

3.38. Events after the Balance Sheet Date

3.38.1. Dates of Periodical Financial Reports in 2021

On the 7th of January, 2021, in the current report no. [RB-1-2021](#) (ENG: [RB-1-2021](#)) Comarch S.A.'s Management Board set dates of periodical financial reports in 2021:

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

1. Q4 2020 - on 1st of March, 2021
2. Q1 2021 - on 21st of May, 2021
3. Q2 2021 - 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 2021
4. Q3 2021 - on 17th of November, 2021.

ANNUAL AND HALF-YEAR REPORTS:

1. Annual report for 2020 - on 30th of April, 2021
2. Consolidated annual report for 2019 - on 30th of April, 2021
3. Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2021 - on 31st of August, 2021.

3.38.2. Forward Contracts Concluded after the Balance Sheet Date

Comarch S.A. in the period from 1st of January, 2021 to 30th of April, 2021, concluded new forward contracts for the sales of EUR 14,800 thousand, USD 11,000 thousand, JPY 100,000 thousand, GBP 3,200 thousand and NZD 3,000 thousand. The net value of forward contracts unsettled as at 29th of April, 2021 amounted to EUR 74,900 thousand, USD 19,500 thousand, JPY 100,000 thousand, GBP 3,200 thousand and NZD 3,000 thousand. Forward contracts are due within 44 months from the balance sheet date. All forward contracts were concluded in order to limit the impact of currency exchange rate changes on the financial result related to commercial contracts implemented by the companies of the Comarch Group, where the remuneration or costs are determined in foreign currencies. Balance sheet valuation of forward contracts as at 31st of March, 2021 was minus PLN 9,200 thousand, while as at 31st of December, 2020 it was minus PLN 3,243 thousand. Such a large change in the value of the balance sheet valuation of forward contracts within the first quarter of 2021 was caused by a significant depreciation of the PLN exchange rate against major foreign currencies.

3.38.3. Transaction on Change of IRS

None present.

3.39. Significant Legal, Arbitration or Administrative Proceedings

Significant proceedings didn't occur.

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 26,262 thousand.

The Comarch Group remains in disputable matters not covered by court proceedings, in which the potential total amount of claims of third parties is PLN 20,181 thousand.

3.40. Equity Management

The main goal in the Group's equity management is maintenance of a secure debt structure and keeping debt ratios compliant with credit agreements concluded by the Group. The Group is able to manage its equity structure depending on changes of economic conditions through taking or repayment of loans, new shares issue or payment of dividend. In 2020, the Group did not change its goals or equity management politics.

The Group monitors its equity balance quarterly, mostly by analysis of solvency ratio, which is calculated by dividing equity by total assets.

	31 December 2020	31 December 2019
Equity	1,098,547	970,756
Total assets	2,003,558	1,842,711
Solvency ratio	55.0%	53.0%

Over 2020, solvency ratio remained at a similar level compared to that in 2018. It remained at a very secure level which ensures the potential possibility of increasing debt significantly (by acquiring external financing) if needed.

Over 2020, all companies in the Group adhered to the credit agreements' conditions. The Management Board of Parent Company finds no risk of their violation.

30.04.2021

SIGNATURES OF MANAGEMENT BOARD MEMBERS

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

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

NAME AND SURNAME	POSITION	SIGNATURE
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Kraków



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www.comarch.com/investors



COMARCH

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

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**PLN 191.6
million of
EBIT**

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

**PLN 1,537
million of
sales**

**Over
6,400
professionals
employed**

**61
companies
of th Group
worldwide**

**PLN 1.6 billion
of Comarch S.A.
capitalisation
on WSE
(31.12.2020)**

**58.5%
share of
foreign sales**

1. Information about the Company and the Basis for Preparing the Report of Comarch S.A.'s Management Board

This Report of Comarch S.A.'s Management Board regarding the activities of Capital Group 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).

1.1. Shareholding Structure, Managing and Supervising Entities

1.1.1. Shareholders Holding at Least 5% of the Total Number of Votes at the General Meeting of Comarch S.A.

Comarch S.A.'s share capital consists of 8,133,349 shares at total nominal value of PLN 8,133,349. According to the information possessed by Comarch S.A., as at 31st of December, 2020, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak, Nationale-Nederlanden OFE (open pension fund) + DFE (voluntary pension fund) and MetLife OFE (open pension fund).

AT THE 31ST OF DECEMBER, 2020

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	846,000	10.40	4,230,000	27.96
Other members of the Company's Management Board	85,366	1.05	122,504	0.81
Nationale-Nederlanden OFE + DFE	846,571	10.41	846,571	5.60
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,517,288	43.25	3,517,288	23.25
Total	8,133,349	100.00	15,126,949	100.00

AT THE 30TH OF APRIL, 2021

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	846,000	10.40	4,230,000	27.96
Other members of the Company's Management Board	85,366	1.05	122,966	0.81
Nationale-Nederlanden OFE + DFE	846,571	10.41	846,571	5.60
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,517,288	43.25	3,517,288	23.25
Total	8,133,349	100.00	15,126,949	100.00

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

a) Members of Comarch S.A.'s Board of Supervisors as at 31st of December, 2020:

		Comarch S.A.
Name and surname	Position	Number of shares / nominal value in PLN
Elżbieta Filipiak	Chairman of the Supervisory Board	846,000/ PLN 846,000
Andrzej Pach	Vice-Chairman of the Supervisory Board	-
Danuta Drobnik	Member of the Supervisory Board	-
Łukasz Kalinowski	Member of the Supervisory Board	-
Joanna Krasodomska	Member of the Supervisory Board	-
Anna Pruska	Member of the Supervisory Board	-
Tadeusz Włudyka	Member of the Supervisory Board	-

AT THE 30TH OF APRIL, 2021

		Comarch S.A.
Name and surname	Position	Number of shares / nominal value in PLN
Elżbieta Filipiak	Chairman of the Supervisory Board	846,000/ PLN 846,000
Andrzej Pach	Vice-Chairman of the Supervisory Board	-
Danuta Drobnik	Member of the Supervisory Board	-
Łukasz Kalinowski	Member of the Supervisory Board	-
Joanna Krasodomska	Member of the Supervisory Board	-
Anna Pruska	Member of the Supervisory Board	-
Tadeusz Włudyka	Member of the Supervisory Board	-

b) Members of Comarch S.A.'s Management Board as at 31st of December, 2020:

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	1,997,027 PLN
Paweł Prokop	Vice-President of the Management Board	30,150	30,150 PLN
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	- PLN
Zbigniew Rymarczyk	Vice-President of the Management Board	34,000	34,000 PLN
Konrad Tarański	Vice-President of the Management Board	10,608	10,608 PLN
Marcin Warwas	Vice-President of the Management Board	10,608	10,608 PLN

AT THE 30TH OF APRIL, 2021

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	1,997,027 PLN
Paweł Prokop	Vice-President of the Management Board	30,150	30,150 PLN
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	- PLN
Zbigniew Rymarczyk	Vice-President of the Management Board	34,000	33,358 PLN
Konrad Tarański	Vice-President of the Management Board	10,608	10,608 PLN
Marcin Warwas	Vice-President of the Management Board	10,608	10,608 PLN

Michał Bajcar, Anna Kleszcz, Maria Smolińska, Iwona Kasprzyk, Dorota Klentak-Łyżwa, Jacek Lonc, Andrzej Zasadziński and Paweł Workiewicz are the Company's proxies.

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

None present.

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

None present.

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

Information is included in [3.35](#) (ENG: [3.35](#)) of the consolidated financial statement.

a) The Liability under the Pensions or similar Benefits for Former Managers, Supervisors or Former Members of Administrative Bodies and the Liabilities that are incurred in relations to such Pensions

None present.

2. Basic Economics and Financial Values

2.1. Selected Financial Data

	2020	2019	2018	2017**	2016
Revenue from sales	1,536,753	1,437,423	1,369,619	1,125,110	1,112,813
Revenue from sales of proprietary IT solutions	1,448,379	1,336,083	1,242,114	1,047,393	1,041,133
Operating profit	191,561	143,383	87,543	58,364	116,893
EBITDA*	277,852	228,312	152,748	122,673	179,901
Profit before income tax	164,254,	142,369	62,480	87,149	104,777

Net profit attributable to the Parent Company's shareholders	120,631	104,846	30,616	64,626	73,034
Profit per share	14.83	12.89	3.76	7.95	8.98
Assets	2,003,558	1,842,711	1,665,945	1,508,452	1,444,875
Equity	1,098,547	970,756	876,108	851,190	862,064

*) Operating profit + Depreciation

**) From 1st of January, 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15. Data for 2015-2016 have not been restated in accordance with IFRS 15.

In 2020, the revenue from Comarch Group sales were higher by PLN 99,330 thousand, i.e. 6.9% compared to the previous year. EBIT amounted to PLN 191,561 thousand and was higher by PLN 48,178, i.e. by 33.6% compared to that achieved in 2019. Net profit attributable to the Parent Company's shareholders in 2020 amounted to PLN 120,631 thousand and was higher by PLN 15,785 thousand, i.e. by 15.1%. Operating margin amounted to 12.5% (in the previous year 10.0%), net margin was 7.8% (7.3% in 2019).

Value of assets of the Comarch Group at the end of 2020 increased by PLN 160,847 thousand compared to the previous year, i.e. by 8.7%. Value of equity increased in 2020 by PLN 127,791 thousand, i.e. by 13.2% mainly as a result of development of net profit in 2020.



2.2. Employment and Production Capacity of the Group

As at 31st of December, 2020, in Comarch S.A. there were 5,006 employees compared to 4,979 persons as at 31st of December, 2019, while in the Comarch Group number of employees increased to 6,462 persons, compared to 6,348 persons as at 31st of December, 2019.

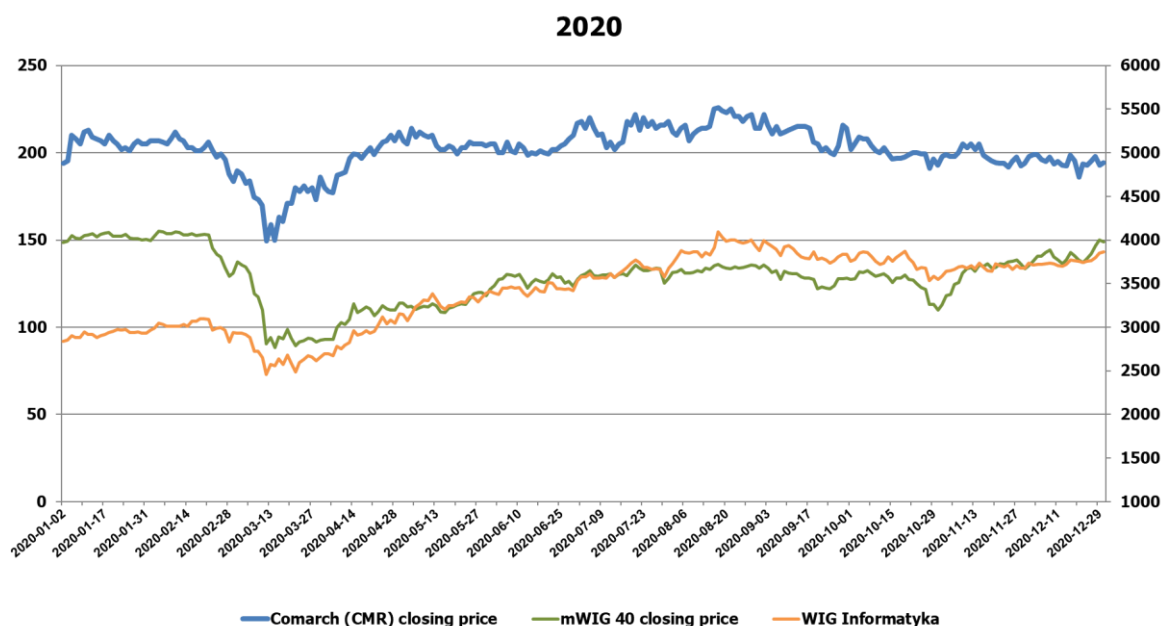
Average employment in the Comarch Group, from 2016 to 2020 is presented in tables below:

Average number of employees	2020	2019	2018	2017	2016
Employment agreement	5,119	5,087	4,727	4,393	4,323
Other form of employment	1,383	1,361	1,364	1,245	1,276
Total	6,502	6,448	6,091	5,638	5,599

Average number of employees	2020	2019	2018	2017	2016
Production employees and technical consultants	5,136	5,103	4,797	4,369	4,342
Marketing and sales	336	321	298	293	336
Management and administrative employees	499	499	495	458	434
Other	531	525	501	518	487
Total	6,502	6,448	6,091	5,638	5,599

Most of production by Comarch consists in production of company's own, versatile software products and in production of computer software on the basis of customer orders. The basic factor limiting the production capacity is human resources. As the company makes active investments in new products and technologies, it strives to provide appropriately wide range of competencies for all its employees. The company flexibly manages teams of employees through continuous optimisation of placements for current commercial projects and internal R&D projects (developing new products and updating the existing ones, which are not directly connected to contractual requirements), using proprietary IT solutions for this target. In effect, there are almost no unused resources. The Group diversifies the risk of limitations in availability of human resources by conducting business in 17 branches located in urban centres in Poland. As at 31st of December, 2020, 3,639 employees were employed in Krakow, 2,239 in other cities in Poland and 584 abroad.

2.3. Comarch S.A. Stock Price Performance



Period	The highest	The lowest
I quarter of 2020	213.00	149.50
II quarter of 2020	214.00	177.00
III quarter of 2020	226.00	199.00
IV quarter of 2020	209.00	186.00

Between the 1st of January, 2020, and 31st of December, 2020, the closing rate of Comarch S.A. shares increased from PLN 194.00 to PLN 194.50, i.e. by 0.3%. During the year, the maximum closing rate amounted to PLN 226.00.

<i>Data in PLN</i>	12 months ended 31 December 2020 / 31.12.2020	12 months ended 31 December 2019 / 31.12.2019
Closing rate at the balance sheet date	194.50	187.00
Average price during the reporting period	202.00	177.36
MIN price during the reporting period	149.50	148.00
MAX price during the reporting period	226.00	199.00
Average volume during the reporting period	3,837	3,123
Capitalization at the balance sheet date	1,581,936,381	1,520,936,263
Ratios for consolidated data		
P/E at the balance sheet date	13.12	14.51
P/BV at the balance sheet date	1.46	1.60
P/S at the balance sheet date	1.03	1.06

3. Products and Services Offered by Comarch Group in 2020

Comarch is a producer of innovative IT systems for key sectors of economy: telecommunications, finance and banking, public administration, medical, as well as large, small and medium-sized companies. A wide range of Comarch's offer includes ERP systems, financial and accounting systems, CRM systems, loyalty software, sales support systems and electronic document exchange, electronic banking systems, ICT network management systems, billing systems, Business Intelligence software, security management and data protection services, electronic devices and many other solutions. Apart from providing innovative IT solutions to its customers, Comarch is focused on professional customer service and providing consulting, advisory and integration services, as well as IT infrastructure as a coherent package, thanks to which recipients of products and services offered by Comarch can fully use the opportunities offered by modern IT systems. including those offered in the cloud model.

3.1. Telecommunications Sector

Since 1993, Comarch's telecommunications sector has specialized in providing IT solutions for telecommunications operators around the world. Our customers in this industry include Telefónica, LG U +, Deutsche Telekom, Vodafone, KPN and Orange. Comarch BSS and OSS products help operators in transformations that are designed to increase business revenues and efficiency, simplify the IT environment, reduce costs, increase customer satisfaction, and create innovative services quickly. The group has also been awarded many times for its activities in the telecommunications industry, by analytical companies such as Gartner, Forrester, Informa, and Frost & Sullivan.

IOT CONNECT

Comarch IoT Connectivity Management enables mobile operators to provide managed connectivity in multi-national, multi-level and multi-operator environments. The system is an M2M/IoT connectivity management platform that helps launch IoT offers for vertical industries such as automotive, consumer electronics, retail, energy and utilities, finance and banking, healthcare, manufacturing, public services, security, and transport and logistics.

Comarch IoT Analytics Platform is a module that focuses on delivering measurable business value, using intelligent big data processing and real-time data analytics for M2M/IoT business purposes. It provides thorough information about the way in which customers are using your IoT products. Additionally, it handles some issues related to quality of service (QoS) within operations, by helping discover which devices (or types of devices) generate issues, revealing data

patterns and trends, and providing reports and analysis of anomalies.

Comarch IoT Billing is tailored to the needs of your IoT operations. It enables you to charge not only for connectivity, but also for IoT devices, vertical applications and bundled services. IoT customers are looking for solutions in this field that best meet their businesses in the most appropriate way. The system supports all kinds of multi-level business relations (B2B, B2B2C and B2B2B).

IoT Solution Management helps businesses function in today's IT world. It includes comprehensive support for selling, storing and managing IoT connectivity services, devices and applications.

ENHANCING DIGITAL CUSTOMER JOURNEYS

Digital Sales and Customer Care enables you to introduce, recommend, sell and maintain traditional telco and advanced digital services with the pace and simplicity required by today's market. Customers are guided through the digital shopping and buying process, which includes offer browsing and comparison, online availability checks, customer onboarding, omnichannel shopping cart support and the check-out process.

Real-time Data Control and Presentation calculates service charges, controlling buckets, balances, and limits in real time. The module improves customers' digital experience by providing readable and easily digestible visual cues, giving a clear view of current bundle consumption, data usage, balances and limits. It is also a source of data for multidimensional reporting, 360-degree customer views, analytical actions, recommendations and personalization engines – all of which greatly impact the entirety of the customer journey.

DIGITIZING ENTERPRISE CUSTOMERS

Comarch Enterprise Billing, Charging & Revenue Management is a telecom invoicing software product that addresses the needs of even the most complex corporate environments by providing features such as multi-branch and multi-department organizational structure support, split-billing with flexible definition of rules based on time of connection or service type, ad hoc reporting of data with current bucket consumption, charging based on thresholds, shared bundles at the level of company or branch, closed user groups, availability of usage data and financial data in the middle of the cycle.

Comarch Telecom B2B Self-enablement Platform is a system for managing telecommunications services for business clients. The telecom B2B platform delivers a single and comprehensive 360-degree view where the customer can see data and statistics related to orders, cases and financial information. Business customers can easily manage even the most complex hierarchies representing their own organizational structure, access detailed reporting in context, and set up real-time control or split-bill policies over service use.

B2B Sales & Ordering is a proven tool that provides a full lead to cash experience within a single package. It ensures accurate, automatic and near-instant quotes which, thanks to the product catalogue-driven mechanism, become agreements seamlessly upon approval.

PROVIDING ENTERPRISE SERVICES GLOBALLY

Enterprise Product Catalo enables simple and flexible storage of the entire CSP product portfolio in one place. The system sets up several slave catalogues per domain or business line. These are used for selling offers to end customers and driving appropriate charging and billing systems.

Digital Billing and Revenue Management delivers multi-currency and multi-taxation handling as well as generating financial documents not only for customers, but also for partners involved in the entire process of service delivery.

Partner Management provides flexibility in liaising between enterprises and various third parties by allowing the modelling of any type of service from SLAs and offers up to central Product Catalogue. The system is secure and easy to deploy, with multi-currency, multi-tenancy and multi-national support.

Wholesale Billing allows service and content providers to exchange billing data and invoices, and to share revenue or cost information with partners. The product facilitates the management of relations with domestic and international business partners, and supports various business models which include

revenue sharing, wholesale and roaming services. The easily scalable product is fully prepared to support the newest services, and is open to business evolution. Comarch Wholesale Billing processes high volumes of any kind of services (voice, data, messaging, content and others) within any kind of agreement, including bilateral, hubbing, revenue sharing, roaming, MVNO and content-based.

5G NETWORK OPERATIONS

Zero-touch Network Provisioning is a product to meet IoT and 5G demands for rapid, automatic implementation of telecom network elements. The system allows devices to be connected, pre-configured and updated.

Real-Time OSS for SDN/NFV Orchestration is a platform for provisioning and managing services over VNFs, PNFs and SDN-controlled networks, facilitating comprehensive orchestration of complex multi-domain topologies.

Comarch Resource Order Management simplifies network planners' daily activities. All repeatable tasks can be delegated to the ROM smart engine, allowing planners to focus on strategic network planning and optimization. In addition, Comarch ROM gives operators the ability to design and automatically provision complex, hybrid, multi-technology and multi-vendor network services, and to automate day-two operations.

Comarch Intelligent Assurance & Analytics is a system that was created as a result of extending the Integrated Assurance product with the functions of OSS/BSS data analysis, the ability to process large data sets, an artificial intelligence module using machine learning algorithms to enable predictive maintenance, and automatic knowledge-gathering in the field of good practices in preventing and counteracting network problems and incidents. Comarch IA&A is part of the Comarch OSS product range, which supports comprehensive orchestration of hybrid networks (consisting of physical and virtualized elements), and is one of the pillars of Comarch's broad strategy for embedding artificial intelligence in all products.

INTELLIGENT ANALYSIS OF NETWORKS AND SERVICES AND THEIR QUALITY MANAGEMENT

Comarch AI Control Desk is a dedicated part of Intelligent Service Desk, focused on the supervision of results of machine learning use cases realized by the AI module in different Comarch products. AI Control Desk supports the following use cases: automated situation detection, automated problem detection, automated baseline generation and anomaly detection, and knowledge accumulation.

Customer Experience Management (CEM) plays an overarching role in service monitoring and service quality management, transforming service management by providing insight into customers' perceptions of services provided by telecoms operators. It helps network providers make the leap from network/resource-centric operations to customer-focused ones, delivering effective telecom customer experience management tools.

Comarch Service Quality Management (SQM) transforms traditional network-centric telecom monitoring into customer-centric telecom service quality management. Telecom service quality management delivers insight into customers' perceptions of service quality.

Comarch Service Monitoring lets you monitor services implemented over various network technologies and management domains. Events originating from different sources are correlated and processed in Comarch Service Monitoring to perform impact analysis for the service. The results are presented graphically on a service tree to give the operator rapid insight into the prevailing situation at any time.

NETWORK RESOURCE MANAGEMENT

Real-time Network Inventory Management stores complete information about physical, logical and virtual network resources. It is a shared, central fixed-access inventory to capture all details of a very complex IT/telecom environment with advanced micro-services technology underneath.

Network Planning & Design enables CSPs to manage telecom network planning, design and optimization processes comprehensively and efficiently. Process-orchestrated planning is a future-proof way of making network investments, where the business value of the investment becomes ever more important in response to developing telecom opportunities.

Comarch Auto-discovery & Reconciliation provides comprehensive and up to date insight into the multi-vendor, multi-domain network, enabling effective network management. The system supports reconciliation of RAN, transport, core, access and IT domains. Thanks to integration with Network Inventory, it also provides a single, comprehensive and integrated view of the live state of the network.

Comarch Configuration Management enables service providers to automate network provisioning for all network domains. It is a product that manages configuration in a manner that goes beyond the traditional radio access network (RAN) approach, implementing network provisioning in the transmission, core and access domains too.

SERVICE DESIGN & FULFILLMENT

Comarch Service Catalogue acts as a placeholder for defining service rules and enables the centralization of service specification management, which aims to increase automation of the end-to-end service fulfilment and service assurance processes. The system is compliant with the TMF SID standard and enables the management of customer-facing service (CFS) specifications, as well as their decomposition and mapping into resource-facing service specifications. In this way, the product enables customer services to be translated into supporting technical services.

Comarch Service Activation is responsible for activation of the delivery of service components on legacy (based on NMS) and modern (employing NFS/SDN technologies) service platforms. Pre-integrated with Service Fulfilment & Orchestration that enables coordinated activation steps on various platforms, it facilitates provisioning of converged services and complex value-chain products.

Comarch Service Inventory facilitates the end-to-end management of your network and all related products from the service perspective. It is a product that can be pre-integrated with the Comarch Service Catalogue system in a manner that enables you to fully describe the services and products offered via your network. In this way, Comarch Telecom Service Inventory acts in accordance not only with the TMF SID (addressing customer facing services (CFS)) model, but also with the resource-facing services (RFS) one.

Service Fulfilment & Orchestration is a product designed to reduce time to market and automate the telecom service fulfilment process for customer service delivery on top of a hybrid network. The system employs the model-driven (catalogue-driven) concept, which enables the orchestration of hybrid networks where virtual network functions and network services are modelled consistently, with physical network functions and legacy network services employing the TMF SID model. SFO (using ETSI NFV ISG terminology) can implement end to end service and MANO orchestration, and manage the VNF instantiation process.

Comarch Field Service Management (FSM) is a comprehensive workforce management system for scheduling, staffing, managing, and supporting the workforce in the field, which results in significantly increased efficiency of operations. Thanks to this tool, customer and network operations can utilize the available resources more efficiently and improve the team's coordination. The system selects the most suitable resources for each task, considering all aspects and bearing in mind KPIs according to the company's business model. Comarch FSM addresses the needs of field workforce managers, allowing them to manage resources, tasks, time and knowledge effortlessly. Full mobility support for all on-site activities allows the time needed for task execution to be shortened, work quality to be improved, and changes to be performed in real time.

PROFESSIONAL SERVICES

Business Consulting is a service that helps telecoms optimize and automate their business processes and increase their efficiency in OSS and BSS, by eliminating multi-vendor and cross-organization redundancy and by rethinking IT architectures and configurations.

Managed Services offer telecom operators the opportunity to outsource system and/or process management, enabling them to optimize the delivery of services to customers and increase their availability, while decreasing the workload and business costs without compromising process quality or business/technology independence.

BSS/OSS Transformations – as a software vendor and a business partner for global telecoms companies we understand the nature and complexity of telecom transformation projects. Based on our experience, we have developed a comprehensive offer of products and services to support local and multi-country transformation projects in the OSS and BSS domains.

BSS/OSS Cloud Transformation - is one of the foundations of digital reinvention that telecoms are going through. It is designed in the spirit of agile, microservice-based architecture that ensures full automation of platform integration and delivery, rapid deployment, and cloud-readiness from the start.

E2E Project Delivery adds extra value on top of delivering a system to the customer, and encompasses the following services: requirement analysis and system design, training, implementation and integration, maintenance and support.

3.2. Finance, Banking and Insurance Sector

Comarch Finance, Banking and Insurance Sector specializes in creating sophisticated software and IT systems for major financial institutions in banking, insurance and capital markets. Our portfolio of satisfied clients includes Polish and international financial institutions, among others: ING Bank Śląski S.A., Alior Bank S.A., Bank Pekao S.A., BNP Paribas Bank Polska S.A., Santander Bank Polska S.A., Siam Commercial Bank PCL, TMB Bank, Swiss Life (Luxembourg), AXA, Crelan.

Comarch SME and Corporate Banking is an omnichannel platform designed for the specific needs of large and medium-sized companies, and offered to banks providing services to such companies. It's a transactional banking system, a financial management tool, and a solution to facilitate handling of bulk payments – all rolled up into one. It also supports corporates in managing accounts of different types, buying currencies, making local and international payments, or consolidating balances across the world.

Comarch Small Business Mobile Banking is an application for small business owners to facilitate their daily tasks. It is based on cash management, invoicing and financing possibilities. Comarch Small Business Mobile Banking is a comprehensive solution that helps banks to reach micro and small enterprises with digital services.

Comarch Factoring is a platform that allows factors and their customers to manage the whole life cycle of receivables. Comarch Factoring is a customer service tool which has an advanced billing engine and multi-channel access to factoring services.

Comarch Cloud Factoring is a platform for debtors and creditors using microservices, available in the cloud. The modularity of the system allows you to easily adjust the solution to customer needs. Thanks to supporting end-to-end processes, the cost and workload of a factoring company are kept to a minimum.

Comarch Trade Finance is an application that allows entrepreneurs to manage the life cycle of such products as guarantees, collections and letters of credit. The solution helps to automate and digitalize the whole process of trade finance.

Comarch Relationship Manager Assistant supports banks and other financial institutions in building and maintaining solid relationships with their business customers. Designed to effectively manage sales processes, the system helps in lead scoring, performance monitoring and effective communication

Comarch Wealth Management is an integrated, multi-module platform dedicated to retail, affluent and private banking client segments. The system supports different recipients: relationship managers - in advisory and financial planning processes, end-clients – in self-driven robo-advisory processes and bank-client communication with the use of newest technologies, wealth managers - in discretionary

portfolio management in line with regulations and investment mandates, and analysts - in running performance and risk calculations to assess client portfolio efficiency.

Comarch Loan Origination enables more efficient control of credit risk and allows for a significant reduction of time needed to grant a loan. The system automates the work of client advisors managing the credit-granting process at its every stage. It allows banks to optimize the most vital elements of credit management: loan simulation, application verification, analysis of customer financial situation (including database checks), decision making and fund disbursement. The platform incorporates a full portfolio of credit products – starting from quick loans for retail customers, through mortgage origination processes, up to complex business loans for SMEs or corporations.

Comarch Custody is a modern back-office system for post-trade operations carried out by custodian banks. As a comprehensive custody software, Comarch Custody covers all functions required by custodians operating on domestic and foreign markets: Settlement & clearing, Safekeeping, Asset servicing, Client & regulatory reporting, Automated data exchange, Billing & taxation.

Comarch Digital Insurance is, on one hand, a system dedicated to insurance agents, brokers or intermediaries. It helps them not only advise on and sell insurance products but also provide post-sales support, manage their tasks and monitor own business performance. On the other hand, Comarch Digital Insurance allows individual customers to smoothly purchase a policy online and manage their insurance product portfolio.

Comarch Anti-Money Laundering allows banks to significantly decrease the time and increase the precision of transaction monitoring – a routine task requiring much knowledge and experience. The system takes the burden of performing routine tasks off bankers' shoulders, reduces the total time it takes to analyse alerts, and lets the bankers to focus on more demanding and complex challenges.

Comarch RPA for KYC is a Robotic Process Automation (RPA) software designed for banks and financial institutions. It optimizes KYC in AML – heavily manual, routine and prone to human error – by enhancing data collection and input. The system uses automatic processes to derive data from different sources, both external and internal, and turn them into user-friendly reports ready for further analysis in line with regulatory requirements. RPA in banking reduces the number of manual tasks.

Comarch Cyber Threat Protection is an online threat prevention and anti-identity theft platform for workstations and mobile devices. The platform tracks both end-user activity and their devices to calculate partial and general scoring for authentication, authorization, or any other operations. The scoring is reflective of device recognition and cyber threat-repository data. For this purpose, a lot of different artifacts are collected, based on tamper detection, or browser and device fingerprints.

Comarch Identity and Access Management (IAM) is a solution that allows full control over the access to company's applications, VPNs and workstations. It comes with world-class methods for identity lifecycle, authentication, authorization and accountability. Its modular architecture makes it easy to adapt to specific types of organizations across hierarchies and geographies.

Designed primarily for banks, the **Transaction Protection - tPro Suite** consists of two solutions for customer authentication and transaction authorization: **tPro ECC** and **tPro Mobile**. Comarch tPro ECC is a USB token for making digital signatures. Comarch tPro Mobile is a variant of this solution based on what the user has - a phone with the application, and what the user knows - a PIN code or a template.

CROSS-SECTOR OFFER FOR FINANCIAL INSTITUTIONS

Comarch PowerCloud for finances allows you to gain access to disk resources and computing power - paying only for the subscription service, without the need to purchase devices. The tool is based on IBM Power Systems™ servers, so it is irreplaceable wherever business continuity, high availability and security are important.

Comarch e-healthcare solutions for banking provide Comarch's clients with advanced healthcare for banking solutions that can boost your banking operations. This is especially important in times of pandemic when easily accessible healthcare services are of great value.

Comarch Loyalty and Marketing Suite for Financial Sector is a modern IT system that allows enterprises - including banks and insurance companies - to create and manage successful, user-oriented loyalty programs with ease. Supporting both B2C and B2B operators, CLM incorporates mechanisms of emerging technologies such as artificial intelligence & machine learning so you could identify patterns in customers' behaviour and provide offers that meet their personal needs.

Comarch Fraud Protection software is a platform which significantly increases the efficiency of suspicious event detection compared to rule-based methods. The solution is based on machine learning, which is a state-of-the-art approach where Artificial Intelligence (AI) is used for creating models that, based on historical data, can determine the occurrence of suspicious events with high accuracy. (AML, Cyber Threat Protection, Credit Card fraud protection).

3.3. ERP Sector

The ERP sector provides solutions supporting the management of an enterprise and its resources for many clients on the Polish market, in the DACH region and in France. The offered products are:

Comarch ERP Enterprise – a new generation ERP system for active enterprises operating on international markets using the Internet. It operates an ergonomic user interface, a built-in WorkFlow module and is optimized to best reflect business processes and the structure of the organization. The system is also available in the service model (SaaS).

Comarch ERP XL – for years the most frequently selected ERP class system in Poland, used by over 5,500 companies from various sectors; annually, 400 companies decide to implement it to manage their core business processes. The solution meets specific requirements of manufacturing companies as well as trading companies and those involved in services. The system is also available in the service model (SaaS).

Comarch ERP Optima – a program for micro, small and medium-sized enterprises supporting sales, management, accounting, and HR and payroll. Along with the additional Accountancy Office module and the portal of Accounting Office Communities iKsięgowość24, Comarch ERP Optima is a tool to operate and promote accountancy offices and tax advisory firms. The program is available in the service model (SaaS).

Comarch ERP XT – an innovative application for online invoicing, warehouse operating and keeping simplified and full accounting made available over a web browser or mobile applications for Android and iOS. The solution is dedicated to micro and small businesses in Poland and Germany. The core advantages are the following: simplicity of use, full process automation, a possibility of integration with an accountancy office, Comarch e-Store, and Comarch BI Point. The application is provided with a POS module for fast support of retail sales. The program is available solely in the service model (SaaS).

Comarch OCR – a device for Optical Character Recognition from scanned invoices. The service reads the documents and then transfers the recognized data to accounting software, e.g. to VAT registers. Thanks to the available OCR API, the service can be integrated with external programs.

Comarch Retail – this is a standalone system to carry on retail sales in a full omnichannel model. It supports effective and comprehensive management of retail networks, starting from the head office through store's back office to points of sale (POS).

Comarch Mobile – is a solution dedicated to management teams and mobile staff, e.g. trade representatives, maintenance technicians, or sales assistants, who perform their tasks outside offices, using their smartphones or tablets. The packet is composed of: **Comarch Mobile Management, Comarch Mobile Sales, Comarch Mobile Service, and Comarch Mobile Procurement**. The individual applications in the Comarch Mobile packet provide for management of mobile staff and their sales, for monitoring of results of their performance and current location of staff on a map and the routes registered by them. They provide for effective vanselling and preselling directly during visits paid

to customers, as well as registration of offers and purchase orders with suppliers, e.g. at specialised fairs. Additionally, Comarch Mobile provides for execution of maintenance orders, e.g. during inspections, assembly, or repair of devices.

Comarch WMS – a solution providing for comprehensive handling of high-storage warehouses. The packet is composed of: **Comarch WMS Management** and **Comarch WMS Warehouse Manager**. Comarch WMS Management is a tool addressed to warehouse managers to control storage operations and manage flows of goods within warehouses. Comarch WMS Warehouse enhances the performance of staff operations directly in warehouses by applying data collectors operating online.

Comarch Warehouse Manager – an application used for mobile support of simple warehouse processes. With its help, the user can carry out the tasks of goods receipts and releases from the warehouse, record transfers of goods between warehouses and carry out inventory.

Comarch Business Intelligence – a system based on data warehouse technology, addressed to large and medium-sized enterprises and international corporations. The solution supports decision processes and reporting tasks. It is destined for the following industries: financial and insurance institutions, trade, services, and services and production.

Comarch BI Point – a web Business Intelligence reporting tool that supports generation, exploration, and provision of comprehensive reports and interactive managerial cockpits. An integrated repository and an embedded rights management mechanism allows supporting management of users' access to the selected reports and individual data models. As a result of its responsiveness, the application can also be used on mobile devices. With its intuitive interface and many interesting forms of data visualisation, even less experienced users can develop attractive dashboards with this application. The tool is used by all types of enterprises or varying size. It is addressed primarily to analysts, controllers, and managers.

Comarch MyPoint – an analytical tool offering quick and transparent verification of users' work who use Comarch ERP systems. It allows monitoring working time in the system, effectiveness at specific times and average productivity of operators.

Comarch mPOS – Comarch Mobile mPOS is an application for sellers and sales assistants in brick-and-mortar stores and in pop-up stores, too. It offers support for the store's back office allowing recording receipts and issues on a mobile device, and also execution of sales directly on a store's floor without sending a customer back to the check-out.

Comarch IBARD – is an easy to use, multi-functional tool that can be used for instance to perform and schedule back-ups of file, directories, and databases from PCs, laptops, and servers, to perform backups of mobile devices, to transfer and safely store data in cloud. The service ensures uninterrupted 24h access to data from any device and place. Comarch IBARD is available in five languages (Polish, English, German, French, and Spanish). The service is universal and may be used by both small and medium-sized enterprises, as well as service providers like telecoms that offer services to their customers under their own brands (White Label model).

Comarch TNA (Time and Attendance) – is a modern system to record and manage working time, business trips, annual leaves, and other processes focused on company employees. It is a tool that facilitates manual recording of hours of remote working both on a web and mobile application. With it the employer knows what time an employee has started and ended their work, and also has an option of controlling an employee's availability in real time. In turn, an employee has a statement and evidence of hours of work that have been agreed with a superior.

Comarch CSM Comarch Cloud Service Management – a complex platform to sell and manage cloud services that supports providers in offering services, applications, infrastructure, and other cloud products. Comarch CSM collects all information on orders, prices, service validity, and provides for contact with customers. It can be integrated with any service via third-party API.

Comarch SSO (Single Sign-On) – a secure single sign-on system – logging into one service, other services can be used without repeating access data. Comarch SSO provides full user security when logging to a multi-service environment.

Comarch Hosting – an integrated comprehensive solution tailored to customers' individual needs which consists in renting a hardware platform located in the Comarch Data Centre along with the required licences of external providers (e.g. Microsoft). Additionally, the offer covers a number of services relating to management and administration of the hardware platform and software. The solution is characterised by flexible management of resources that are scaled up along with the customer's growing needs.

iKsięgowość24 – accounting and booking services for enterprises, used by over 2,600 accountancy offices operating Comarch ERP Optima.

Comarch B2B – a B2B platform that among others provides for ordering of products online. A logged-in business partner has access to a history of their orders, payments, or submitted complaints. Selected customers will use a web browser to have a preview of our always updated commercial offer that may be individually tailored.

Comarch e-Store – online store software for small and medium-sized enterprises fully integrated with Comarch ERP management systems, price comparison and Allegro and eBay auction platforms, as well online payment platforms. It facilitates shopping using a web browser and mobile applications running on iOS and Android.

Wszystko.pl – is a trading platform supporting e-sales directly from invoicing and warehousing systems operated by enterprises. Products may be offered by any company operating Comarch ERP management software.

Comarch HRM – an application to be used by staff themselves, operated in a web browser or as a mobile application for employees and their superiors. The key task of the application is to provide ongoing access to data on daily activities relating to a formal aspect of work in an enterprise – working time and a work plan and holidays/leaves, business trips/secondments, or other absences. In addition, the tool also provides support for such aspects of the employee's functioning in a company as training records, or the evaluation system.

Comarch e-Reports – a program to generate electronic financial statements, which, among others, are compliant with the Accounting Act, characterised by abundant functionalities (with electronic signature in the application), easy to handle and that can be integrated with ERP systems. The program may be used in a desktop version installed on a computer and in cloud – in a subscription model from any computer with Internet access. The application generates structures of financial statements compliant with the requirements of the Ministry of Finance.

Comarch ESEF – is an application facilitating generation of annual financial reports in an ESEF tool for generation of financial reports/statements compliant with the European Single Electronic Format (ESEF) that defines a form in which annual financial statements of companies listed on the EU regulated markets will be created.

Comarch Moje BR - a free program for invoicing and communication with the Accounting Office. Information about the company's current payments has been collected on the app's dashboard. Cost documents are added to the program by taking photos of invoices thanks to the Comarch OCR service. The application is intended for the smallest companies and for the self-employed who need a mobile tool for invoicing and entering cost documents to dynamically develop and save their time as much as possible.

Comarch Shipping - a service that communicates with the programs of courier companies in order to prepare waybills and send shipments. These documents can be prepared on the basis of commercial

documents downloaded automatically from Comarch ERP systems as well as manually entered shipping orders.

Comarch Software and Beratung AG systems are a line of ERP and financial and accounting systems for small and medium-sized enterprises in the German language market:

- **Comarch Financials Enterprise** – a new generation financial and accounting system, developed as a supplement to Comarch ERP Enterprise, supporting comprehensive financial management in modern enterprises. The system is also available in the service model (SaaS),
- **Comarch ERP Altum** – the first intelligent ERP platform, comprehensively supporting all key business processes in medium and large commercial and service companies as well as commercial networks. It is also intended for holdings. A solution tailored to the needs of the Polish and foreign markets. The system is also available in the service model (SaaS).
- **Comarch ERP Suite** – a classic ERP system, offering tested and sector-specific functional solutions for a broad range of users,
- **Comarch Financials Suite** – an expanded, certified financial and accounting system, containing modules for controlling and electronic document archiving, providing for operation in an international environment, also covering various accounting standards (US GAAP, IFRS),
- **Comarch Financials Schilling** – a classic financial and accounting system,
- **Comarch Financials DKS** – a financial and accounting system developed for Austrian customers, provided along with a controlling and HR module,
- **Comarch eBilanz** – an application for electronic transfer of financial statements to public authorities in Germany, operating with various financial and accounting systems,
- **Comarch eRechnung** – an application to handle e-invoices in Germany in compliance with the applicable regulations, operating with German Comarch financial and accounting systems.

3.4. Public Administration Sector

Comarch specialises in designing, implementing and integrating modern IT systems for public administration, companies and public sector institutions. The company has experience in creating complex turnkey solutions and in developing hardware and network infrastructure. Comarch has created a number of e-government solutions that meet the needs of public sector entities. The solutions are based on international standards. The most important solutions implemented in the public administration sector include:

Comarch EOS is a platform for electronic handling of matters in the office. The system ensures the digitisation of case-handling activities, enabling citizens and businesses to handle them remotely, and office staff to handle cases remotely. The platform ensures the transition from electronic document management to electronic case management, overseeing the steps that need to be taken to deal with a case.

The platforms form integrated systems: Comarch e-Urząd, Comarch EZD, Comarch ERGO and Comarch ERP Egeria. Case handling is based on electronic documents, the data of which is transferred in the process to the systems involved in the case handling using Comarch BPMN. The Comarch EOS platform provides GIS functions used in case handling, which can be run directly from the level of systems included in the platform.

Comarch ERGO - system supporting the implementation of public tasks related to spatial management. It allows keeping over 60 registers and records in the areas of geodesy and cartography, real estate management, spatial planning, road infrastructure management, construction, environmental protection, agricultural and forestry land protection, protection of monuments, spatial information portals. The modular structure of the system enables the exchange of information between local government units and cooperating units, their departments and employees. Comarch ERGO is a comprehensive solution enabling the launch of the electronic platform of the Spatial Management Shared Services Centre.

Comarch Workflow - the platform supports the electronic (as well as paper) circulation of documents in companies and institutions (branch versions specialized for particular entities have been created).

The solution makes it possible to manage documents in institutions in accordance with the guidelines of the office instruction and to define and support any workflow and document processes. For this purpose, a mature business process editor based on BPMN is used, which in cooperation with components enabling the creation of dedicated registers and forms is able to provide each institution with a fully customisable Workflow class system.

Comarch e-Government is an online public services platform allowing local government units and central offices to perform their tasks. Intuitive tools enable self-management of the application, providing support for content creation and publishing processes. The components available on the platform include: The Digital Office, the Resident's Profile with support for electronic payments for liabilities to institutions, the Public Information Bulletin, the Information Portal and the Intranet, as well as elements supporting social activity related to the handling of the civic budget or opinions on legal acts.

Comarch ERP Egeria is an integrated ERP II system, which supports organisation management, administration and accounting/financial service of public institutions, hospitals, universities and enterprises. The system ensures data security, fast access to information, transparency and integration of processes. Comarch ERP Egeria is a tool that effectively supports and streamlines management of institutions and offers comprehensive support in decision-making processes, necessary for functioning of institutions in today's economic and legal environment. It is highly configurable and flexible, allowing the system to be adapted to the individual needs of each Client. It ensures full support of the implemented business processes and efficient exchange of information with the environment. It facilitates and automates the daily recording of data and the making of appropriate management decisions.

Comarch Security Platform is a range of products dedicated to clients associated with national and physical security and defence. The solutions are based on original and innovative projects, which are implemented in products related to video analytics, personal and object protection systems, as well as in advanced tools for controlling financial flow and monitoring ICT networks.

Comarch Video Cut is a solution for quick analysis of secured video materials conducted post factum. The tool effectively reduces the working time of forensic analysts or security services. It enables the detection of all objects recorded on secured video footage from various devices, recorders, CCTV systems and in various formats.

The system enables events and objects to be found and video footage to be quickly filtered based on characteristics. The solution is used in special units, security services and facilities such as airports, stadiums, railway stations, car parks, large-format shops or other restricted access zones.

Comarch Smart Parking - An extensive platform for the comprehensive management of Smart City parking policies. The solution makes it possible to connect a number of sensor systems based on different technologies, such as RFID tags, radar, radio sensors, surface sensors (e.g. magnetic), cameras with video analytics, providing basic information on parking space occupancy in real time. In addition, it offers a range of configuration and management tools to improve the work of municipal units and subordinate services. In this solution, Comarch offers its own sensor layer based on cameras and Intelligent Video Analysis (IVA) technology, which makes it possible to detect not only free parking spaces but also potential offences, together with vehicle identification - number plates (ANPR). Development work in this area focused on hardware (cooperation with many camera models, including PTZ cameras), as well as functionality - new modules were created, such as billing, control, or related to payments based on e-Wallet.

Comarch Monitoring&Automotion Platform - A tool for monitoring infrastructure and configuration items of client systems. The primary goal of creating Comarch MAP was to provide a single, consistent tool for monitoring a client's extensive infrastructure, along with the ability to model business processes and track architectural dependencies. The complex infrastructure detection and maintenance process is fully automated thanks to the Discovery module, and the unified and consistent interface provides visualization of the monitored infrastructure while maintaining business logic.

Comarch eRecording is a comprehensive and coherent solution combining the convenience of classic audio/video recorders with sound systems and a dedicated application for controlling the audio/video

recording process. The system makes it possible to record meetings, sessions or public speeches along with the associated metadata and comments to enable efficient search of the recording during playback. Additional sources of recorded data can be external multimedia data and remote transmissions carried out via video terminals. Comarch eRecording provides (along with the recording) a platform-independent multi-track media player

Comarch Wideoterminal is a solution which supports popular connection and audio-video transmission standards. It is a perfect complement to Comarch eRecording solution, ensuring point-to-point connections as well as setting up multi-party calls based on standards and infrastructure of videoconferencing bridges of leading suppliers and popular platforms supporting Simulcast technology.

3.5. Services Sector

Comarch Services Sector designs, implements and integrates modern IT solutions for loyalty programs, marketing campaign management, employee motivation management, electronic data and business information exchange, the management and flow of documents within the company, and sales process management using support systems and mobile applications. The offer also includes a comprehensive range of enterprise IT infrastructure management services.

The Services Sector carries out projects in 40 countries on five continents. Among our clients are BP, Circle K, Mapco, Prudential, Livelio, Carlsberg, Unilever, X5 Retail Group, Carrefour, Metro-Nom, Auchan, Heathrow Airport, Etihad, Scandinavian Airlines, XL Axiata and True Telecommunications.

LOYALTY MANAGEMENT AND MARKETING SOLUTIONS

The offer is addressed to medium and large enterprises, and constitutes a comprehensive package of IT solutions and services that helps to build and manage loyalty programs, implement personalized and multi-channel communication, automate marketing processes and increase profits. Big data analysis tools and gamification-based systems for building engagement enable relationships between customers, partners and the brand to be strengthened.

Comarch Loyalty Management - a system for managing loyalty programs, supporting B2C and B2B operators. It enables the launch of multiple programs on one platform and support for all areas related to running those programs (customer registration, profile management, promotions based on different currencies, communication with participants, rewarding with gifts and offers). The product is also targeted at transport and tourism companies, in particular airlines. The platform supports loyalty programs of all types of carriers, for individual customers (Frequent Flyer Programs) and in the B2B model. The system supports the creation of rules for calculating points, defining rewards and privileges.

Comarch Loyalty Cloud - a system that enables companies to comprehensively manage the full lifecycle of a loyalty program, from analysis of collected data to configuration of promotions and rewards and multi-channel targeted communication. The application is available in the service model, based on monthly subscription fees. Just a few days after signing the contract, Comarch customers can use the range of application functionalities, and access system configuration services and comprehensive business support for their loyalty program. Comarch Loyalty Cloud is periodically updated in terms of functionality, and extensions are implemented in accordance with the Comarch roadmap.

Comarch Campaign Management - is a solution enabling rapid and cost-effective design and launch of customer-oriented marketing campaigns. The system optimizes the campaign planning process, provides an intuitive segmentation tool, simplifies the management and creation of personalized messages, automates multi-channel communication with customers, and allows you to monitor campaign progress and shipment statistics. The solution also helps to optimize the strategy and frequency of contact with customers.

Comarch Business Intelligence - the solution supports companies that want to build loyalty strategies through in-depth analysis of a large amount of collected data and provide a detailed picture of purchasing patterns, shopping cart value, campaign effectiveness and statistics related to the program. The system offers many types of interactive visualizations, such as charts, graphs, trend indicators, maps and tables that facilitate the presentation and interpretation of data.

Customer Analytics - a set of support services from a BI expert or a team of data scientists in the field of collecting, cleaning and auditing customer data, improving and maintaining data quality, analysing data, creating advanced customer segmentation models, migration analysis and customer activation strategy, predictive and scoring models, marketing databases and analysis of the level of customer satisfaction.

Comarch Location Based Services - a modern technological platform enabling highly personalized marketing communication directed through mobile application channels to people, customers, residents or passengers who are currently in a given location. The solution uses geolocation and micro-location data, on the basis of which it sends notifications via native iOS and Android applications. The platform also has a navigation module, thanks to which the user of the mobile application can find their way inside a given building. This is very helpful for large facilities such as shopping malls, hospitals, and municipal offices. Comarch Location Based Services is integrated with beacons produced by Comarch, thanks to which the micro-location of a user is determined via the Bluetooth channel.

Loyalty Consulting – professional support services at every stage of loyalty program development and management. We help build complete, innovative programs or reorganize existing ones. We prepare concepts that attract customers, build a stronger bond between the customer and the brand, thus allowing you to increase profits and strengthen your competitive advantage. Our services enable the development of an effective program strategy and concept, participant reward mechanisms, marketing communication, development of procedures and analysis of IT requirements.

Management Services – support in the process of organizing the program, creating and selecting marketing service providers, managing relationships with strategic partners, day-to-day administration of applications, monitoring key program performance indicators and reporting activities, detecting and preventing fraud, communication management.

DATA EXCHANGE AND DOCUMENT MANAGEMENT

As part of its offer, Comarch enables effective document management and automation of sales and business processes in the supply chain. A comprehensive approach to communication with partners from around the world, including electronic exchange of product, commercial, logistics and financial data, allows companies to achieve tangible benefits including faster access to information and a significant reduction in costs.

As part of data exchange and document management, the following solutions are offered:

Comarch EDI (Electronic Data Interchange) - a B2B2G platform based on cloud technology, which enables the automation of business processes through rapid and secure data exchange, connecting partners in the supply chain around the world regardless of the sector in which they operate. In an accessible, modern and comprehensive way, it enables business communication, allows you to fully manage the purchase and sales processes, increases the efficiency of cooperation by synchronizing data with partners, and fully controls and manages the flow of documents. It offers a number of solutions for everyone, from handling automatic document transmission processes and full integration, to support for web service and API solutions, and a web portal that does not require any integration.

Comarch MDM (Master Data Management) - a catalogue of product data in the cloud based on GS1 standards, which is a certified data pool that enables direct exchange of information between business partners within the GDSN network and outside it. Data can be entered manually or automatically thanks to integration with external systems such as EDI, ERP, etc. This enables the initiation of adding products to the portfolio by creating inquiries, international cooperation through translation tools, and negotiating prices and margins. The created product cards contain comprehensive data models that can be modified depending on the target market, partner or sales channel (online or offline), ensuring the coherence of information shared within the organization and externally.

Comarch e-Invoicing - a cloud-based product compliant with the latest regulations, improving and automating invoicing processes for buyers (accounts payable) and sellers (accounts receivable). By supporting many document formats (including exchange with public administration entities) and distribution channels (from paper to EDI), it enables the secure and efficient exchange of e-invoices. Comarch e-Invoicing customers can use numerous functionalities as part of the service, such as

electronic signature, multi-stage validation of document correctness, electronic archiving, and an e-Invoicing portal tailored to needs.

Comarch Online Distribution - a modern reporting and communication platform used by manufacturers to improve cooperation with a network of commercial partners (distributors, wholesalers and retail chains). It automatically creates detailed reports on inventory and resale, using data collected on an ongoing basis from the systems of trading partners.

Comarch e-Invoicing Cloud - a web application based on the latest cloud technology for sending structured e-invoices in a B2G relationship. It enables intuitive creation of invoices, searching for business partners from the public sector connected to the PEPPOL network, and the possibility of sending additional files (such as attachments). E-invoices created thanks to this solution are compliant with the latest EU regulations and adapted to general national requirements (e-invoice format adjustment, for example X-Rechnung in Germany).

COMARCH ICT

Comarch ICT solutions allow the easy management of a company's IT infrastructure in the field of telecommunications, outsourcing or data centre services based on industry standards and technological partnerships with IT market leaders.

Comarch ICT products are designed so that the latest technologies serve the development of business. In an era of rapid changes in market and customer requirements, an experienced technological partner who will adjust their strategy and provide appropriate services in the field of IT infrastructure, outsourcing, data centre services and security is a must.

Comarch Infraspaces Cloud - is a unified and flexible cloud infrastructure with the highest security standards. The platform includes a wide range of tools supporting applications built on the basis of microservices. The cloud solution provided by Comarch was created to help solve the problems related to the lack (or excess) of computing power, allowing performance to be adjusted to the actual demand for IT resources. The solution allows customers to take advantage of all the benefits of the cloud, such as lower IT costs, greater efficiency and flexibility of the company, and full control of resources. All this in a secure IT environment located in Comarch Data Centre.

Comarch PowerCloud - is a ready-to-use platform that provides all the benefits of cloud solutions with the support of the expert IBM Power Platform and management services. Using advanced tools, it provides simplified management virtualization and cloud deployment for AIX, IBM and Linux virtual machines.

Comarch IT Services - due to the dynamic changes on the IT infrastructure market, an experienced technology partner is of key importance for business development. Placing the company's IT environment in the hands of Comarch engineers and analysts is a guarantee of service continuity and required system availability.

The digital (r)evolution continues. As a company with over 25 years of experience, we provide a wide range of IT services designed with the needs of our clients in mind, so that we can deliver appropriate technical and business support.

- **Comarch IT Integration** - services designed to adapt the client's IT environment to new business and technical requirements. We support clients from the stage of analysis and design of a new IT platform, to the delivery of appropriate devices and software and beyond that to the implementation phase.
- **IT Outsourcing** - a set of services aimed at optimizing costs related to IT servicing. We offer full end-user support (Service Desk and on-site care), administration of LAN/WAN networks, server infrastructure and security infrastructure, as well as management of IT processes in accordance with good practices and the latest recommendations (such as ITIL) and agreed SLA parameters. As part of IT Outsourcing, Comarch provides services related to advanced server, matrix and database systems both remotely and directly at customer locations.
- **Network and Security Operations Centre** - a solution constituting a single point of contact with the customer, providing comprehensive technical support in the field of IT infrastructure

monitoring and business applications for all types of enterprises and institutions. Provides customers with up-to-date knowledge of the availability and performance of individual elements of their IT infrastructure, and helps detect disruptions before they affect the customer's business.

- **Comarch Network Services** - solutions for creating and maintaining data transmission networks (including WAN/LAN/WLAN). CNMS is a comprehensive product for the construction or modernization of existing transmission networks, for the management and administration of these networks, and for their security.
- **Comarch Service Desk** - a 24/7 multi-channel and multilingual single point of contact with a team of Comarch IT specialists. Providing full support for end users, this service is responsible for handling requests (in the form agreed with the client - chat, ticket system or telephone), reporting (in accordance with the service level agreement) and solving problems related to your IT infrastructure.

Comarch Data Centre - advanced technological centres with high availability and TIER III and TIER IV architecture. They are an alternative for customers who would rather not expand their own IT infrastructure resources. Comarch SA has 15 data centres all over the world.

- **Hosting Managed Services** - transforms data centre and IT management to provide the technological flexibility you need and maximize application performance and availability. We guarantee the right specialists, processes, security and technology in local cloud and networks to optimize data centre services.
- **Comarch PowerHosting** - fully managed services for the IBM Power platform. The comprehensive service for the delivery and maintenance of the IBM Power platform is provided in three models - a virtualized cloud, hosting of the client's hardware in the Comarch Data Centre, and remote services implemented on the client's existing equipment at his premises.
- **Mainframe Services** - Provides fully managed support and services for mainframe systems. Provides technical and business assistance in the process of installation, configuration and maintenance of Db2 products. Additionally, we provide consulting services in the field of capacity management, progress tracking and migration to higher versions of data management software.

3.6. e-Health

Comarch e-Health offers a comprehensive ecosystem of products, consisting of HER Cloud, Hospital Cloud, Telemedicine Cloud and Medical AI Cloud. Integration of these platforms ensures coordinated healthcare, and supports patients, their families, and medical personnel. The offer includes, among other things, mobile applications for patients, IT systems for hospitals, and software for health record management in medical facilities, cities, and regions. Comarch e-Health is a provider of innovative remote medical care solutions, based on our own software, devices and medical infrastructure. Product integration helps to provide coordinated healthcare by supporting patients, carers and healthcare professionals.

COMARCH EHR CLOUD is a secure data archive created to provide efficient, coordinated healthcare. Information is uploaded from medical facilities (hospital information systems), laboratories, diagnostic points, telemedicine platforms and patient applications. Data are collected in one place, regardless of their origin. Comarch EHR Cloud is an interoperable platform, open to third-party solutions. Free integration is possible by the use of IHE profiles for data transfer and documentation standards based on HL7CDA and PIK HL7CDA.

COMARCH HEALTHNOTE is an Internet health diary that allows the collection of complete and up to date health history directly in a mobile application. Users can enter vital signs, measurements and test results, monitor their symptoms, scan and view medical documents, and share this information with physicians.

COMARCH HOSPITAL CLOUD is a set of systems for the comprehensive management of medical facilities, regardless of their specialization and size - from small offices to multi-hospital complexes. Interoperable, integrated IT systems are tailored for each stage of patient care. These are intuitive tools that coordinate staff activities, increasing work ergonomics. They have been designed for all employees

of medical facilities, taking their roles, duties, and entitlements in the organization into account. All data are stored in a secure Comarch cloud, so there is no risk of loss or unauthorized access.

COMARCH MEDNOTE is a modern, intuitive application for managing any doctor's office. It organizes medical records, provides necessary information about the patients, and minimizes the time taken by formalities and paperwork. The system allows for, among others, creating prescriptions, referrals, and other types of medical documents.

COMARCH OPTIMED NXT is an advanced IT system for medical facility management (HIS), allowing holistic organization. It has six basic modules and more than 30 additional modules, covering all specializations. It provides integration with healthcare providers, services and peripheral systems. The system can be operated on tablets, which allows access to information about the patients directly at their beds. Comarch Optimed NXT is dedicated to all medical facilities, regardless of the structure and type of services provided. It supports, among others, the management of electronic health records, patient visits, issuing prescriptions, and referrals. It is also a functional tool for facility.

COMARCH EDM (Electronic Health Records) - It is a system for managing electronic health records in all types of medical entities, as well as at the regional level. Central access to documents from different systems enables the efficient collection and processing of medical data. The solution allows the exchange of information between institutions, which speeds up the diagnosis process and avoids redundant testing. It is an interoperable tool in accordance with IHE, HLF CDA, and XDS.b standards, allowing integration with external solutions.

COMARCH CONCIERGE - It is an online patient portal that provides multi-channel communication and continuity of medical care. Comarch Concierge facilitates the exchange of information between medical facilities, physicians, and patients. It enables remote registration, ordering prescriptions, receiving test results, and medical consultations.

COMARCH TELEMEDICINE CLOUD is an open cloud platform that enables remote monitoring of patients. All information from systems, applications, and measuring devices is transferred to the Comarch e-Care platform, then analysed and made available to medical personnel. Thus, the process of diagnosis, treatment, and prophylaxis is optimized and coordinated. What is more, some services are transferred outside medical facilities. Comarch Telemedicine Cloud is a flexible and scalable solution that allows existing elements to be modified and new devices, procedures, and operation schemes to be added.

COMARCH E-CARE PLATFORM - is the basis of Telemedicine Cloud is the Comarch e-Care platform, which receives and processes medical data. Analysis is based on artificial intelligence (AI) learning algorithms, which immediately recognize and mark irregularities even among an immense amount of information. AI, in combination with the developed procedures, support medical staff in providing effective care. The Comarch e-Care platform also enables online consultations and remote descriptions of test results, significantly increasing access to high-quality medical services.

PUNKTY DIAGNOSTYCZNE are stations equipped with measuring devices (blood pressure meters, event ECG recorder, thermometer, scales and pulse oximeter), where patients can perform measurements of vital signs outside medical facilities. Measurements are taken independently by the patient or with the support of medical staff, and then evaluated by physicians through a telemedicine platform. Comarch Diagnostic Points are also available in the form of a mobile suitcase, facilitating the transport of the devices, and monitoring patients' health at, for example, nursing homes or on-board aircraft.

ZDALNA OPIEKA KARDIOLOGICZNA enables the detection of abnormalities such as tachycardia, bradycardia, ventricular tachycardia, ventricular fibrillation, flutter, and more. It allows long-term diagnostics outside the hospital environment. Remote Cardiac Care can be implemented for hospitalized patients, and in overseeing the process of home rehabilitation.

REMOTE PULMONARY CARE allows monitoring of patients suffering from asthma, COPD, and other pulmonary disorders. Regular spirometry, pulse oximetry and peak expiratory flow measurements are taken. These, along with constant specialist control, increase patient safety and comfort.

REMOTE SENIOR CARE allows patients to consult specialists about their health condition. Measurements of vital signs can be performed by patients, their carers or medical staff. Based on the results, the patient can consult with the attending physician remotely or arrange for a home visit. The physician can also call an ambulance if required.

TELEMEDICAL DEVICES - Comarch has its own R&D centre, where innovative measuring devices are designed, tested, and manufactured. Among them are portable heart rate recorders (Comarch PMA and CardioVest). New telemedical solutions are being constantly developed.

REMOTE MEDICAL CARE CENTER

Comarch Remote Medical Care Centre, where medical staff monitor patients' health 24/7, plays a pivotal role in our telemedicine offer. Remote Medical Care Centre:

- Brings together qualified medical personnel, including paramedics, midwives, physicians of various specialties, dietitians and physiotherapists,
- Monitors patients' health around the clock, including weekends and holidays,
- Intervenes in cases of automatically detected anomalies, parameterized individually for each patient (exceeded norms and worrying measurements), as well as in the event that a patient makes a call for intervention,
- Uses medical procedures that allow faster and more targeted intervention.

Comarch Healthcare S.A. has implemented and certified ISO 13485 quality management system for medical devices. The Comarch e-Care platform is a class IIa medical device certified for compliance with Directive 93/42/EEC.

COMARCH MEDICAL AI CLOUD is a set of solutions based on big data and machine learning algorithms that enhance our products with artificial intelligence. Machine learning and artificial intelligence process an unlimited amount of information, looking for correlations and irregularities. They automate processes and structure medical knowledge, thus reducing costs and increasing the efficiency of monitoring, diagnostics, and treatment. Comarch Medical AI Cloud has a wide range of application possibilities, from electronic medical records to ECG signal analysis.

iMed24 MEDICAL CENTER - As a part of Comarch Healthcare S.A., this medical facility is a natural environment for the development of services dedicated to the health sector. iMed24 was the first medical centre in Lesser Poland to offer remote medical care (the number of people covered by those services exceeded 6,000). The facility employs approximately 100 physicians, from over 30 specializations.

3.7. Technologies Sector

Comarch IoT activities include the development of Internet of Things (IoT) products and services. Based on rapidly evolving IoT technology, specialists provide hardware and software solutions, while ensuring the highest quality standards, which provides an opportunity not only for technological development, but also the implementation of new, efficient business models. Given the great importance of digitisation, a complete IoT ecosystem has been created, operating in a cloud environment (IoT Platform), providing a wide range of communication, processing and data exchange capabilities.

The expansion of the Internet of Things paves the way for new business models that are used by Comarch IoT. The combination of these elements allows us to effectively create both ready-made and dedicated, tailor-made IoT solutions for companies and institutions around the world. In addition, our teams offer research and development services for consumer electronics, including electronics design, hardware prototyping and manufacturing, as well as embedded software and user experience analysis.

We are also an active member of the IoT group at the Ministry of Digitization in Poland, where we share our knowledge, experience and successful implementations of IoT solutions for our clients from different parts of the world. We work with our European neighbours in the implementation of solutions for Industry 4.0, as well as partners from the Middle East in the field of municipal services and telemonitoring, as well as from the Far East - in one case, we provided an entire technology stack of IoT solutions to help a leading Japanese IoT company become an IoT provider.

INTERNET OF THINGS

IoT SOLUTIONS

Comarch Smart Metering - a solution dedicated to the monitoring of municipal infrastructure (water, electricity, gas). The solution consists of a dedicated Comarch device for reading data from the meters in a standardized way, wireless data transmission using LPWAN technology (4,5G) through the network of a telecommunications provider (NB-IoT or LTE-CatM) to the Comarch cloud computing and Smart Metering application based on the Comarch IoT Platform.

Comarch Manhole Monitoring - IoT solution for fully automatic monitoring of the opening and closing states of all manholes, including manholes, electrical boxes, chutes and doors. The system consists of small battery-powered devices that are mounted to manholes or other infrastructure that can be opened or closed with a limit switch. Each opening and closing are registered by sensors located in the door. The devices send an event signal to the IoT Platform using standard communication protocols (NB-IoT or 4G), then all data is collected and analysed. The IoT platform can send alerts to the client and generate reports.

Comarch for Industry 4.0 - a comprehensive system delivered in the SaaS model (software as a service) or as an individual, dedicated solution. It consists of integrated production devices (PLC and sensors) with receivers (Comarch IoT Hubs), connected to a cloud database (Comarch IoT Platform), which is the key to creating Industry 4.0 solutions. This solution consists of such functions and components as: IoT Platform, hardware integration, real-time Total Equipment Effectiveness (OEE) calculation, management of SAI messages, digital instructions, notifications, ERP integration, Comarch BI integration. There are three Industry 4.0 packages, the functionality of which depends on which one is selected to meet customer requirements.

Comarch Smart Metering for Industry is a concept that helps you manage the production process by monitoring media consumption and planning deliveries in order to optimize it and ensure continuity of production. This solution is fully in line with the idea of Industry 4.0, bringing the company tangible business benefits.

Digitalisation - through the digitization process, IoT technology streamlines and automates processes in enterprises. IoT solutions provide the capability of communication between devices, collecting of data with sensors and processing them in a dedicated Platform. By replacing inefficient systems with those based on IoT, an intelligent environment is created that applies to the spaces of houses, urban infrastructure, factory floors, and health services.

Internet of Healthcare Things (IoHT) paves the way for healthcare applications to create a connected medical environment, enable patient monitoring, and improve systems. IoT introduces multi-faceted value to the entire healthcare system: patients, medical staff and management. Thanks to various types of advanced technical connections, patients can benefit from quick notification of problems, continuous monitoring of the condition and parameters of their health and the recording of this information.

Comarch CareMate is a digital "guardian" kit that is always at hand. This remote attendant service consists of the CareMate mobile application, which, in combination with the integrated Comarch WristBand device, offers a modern solution for the elderly and chronically ill, people who want to increase their independence, parents of children and caregivers of the sick who, thanks to it, they can conveniently monitor the location and safety of their loved ones around the clock and on all days of the week.

Comarch WristBand for Industry - Comarch WristBand, as a device integrated with the e-Care Platform, creates a modern teleinformation system for continuous monitoring of life functions of employees working on one-man positions for the sake of their safety. The remote employee monitoring system can be implemented, for example, in large industrial plants (including factories, warehouses, steel mills, ports, machining centres, opencast mines and large enterprises) in order to increase the safety of people working alone in isolated places, often exposed to harmful conditions.

Comarch Asset Tracking - solution for locating devices, things and people in logistic, industrial, medical and many other spaces. From the hardware side, the system is based on Comarch devices and radio modules compliant with the latest standards, including the Ultra WideBand (UWB) technology. The data is processed and collected using the Asset Tracking application based on the Comarch IoT Platform in the cloud.

COMPONENTS (BUILDING BLOCKS) OF IOT SOLUTIONS

Comarch IoT Platform - the Internet of Things platform operating in a cloud-based environment. The IoT platform enables the configuration, management and monitoring of communication between devices in the network. Thanks to its functionalities, the Platform is able to collect data from billions of devices, then analyse and process them, which translates into increased efficiency of process management and reduction of costs of both operations and used resources.

Comarch IoT Hub - a versatile gateway with a modular architecture used to provide connectivity between devices and the IoT Platform. The solution offers secure and stable short-range communication based on various communication protocols, remote control and management of connected electronic devices. Support for leading connectivity protocols ensures interoperability and opens up new opportunities for enterprises to offer intelligent services.

Comarch Beacon - is a compact BLE device that emits a radio signal that can be read by any smartphone. The mobile application, in conjunction with the Comarch IoT Platform, delivers personalized, location-based content directly to the customer. The main goal of Comarch beacon technology is to improve the customer experience anytime and anywhere, thanks to two variants of the Comarch beacon device.

Comarch M-BUS NB-IoT Gateway - is a gateway using Narrowband IoT (NB-IoT) technology from the LPWAN family. NB-IoT is a wireless technology based on LTE and optimized for IoT, allowing the creation of IoT devices with very long battery life. The device reads the data from the meters and sends the information to the cloud, where it is translated into a common data format that enables the digitization / modernization of the existing infrastructure.

Comarch TNA - Comarch TNA (Time and Attendance) is an innovative system for tracking and monitoring working time based on the cooperation of the original mobile application with Comarch TNA Gateway devices.

Comarch WristBand is a wireless personal device equipped with an SOS button that allows you to monitor and immediately call for help in situations where life and health are at risk.

Comarch IoT Button - is a small device that can be used to run automated activities. Activities are defined using the Comarch IoT Platform and may include sending SMS messages or creating a record in the ERP system. Comarch IoT Button uses one of the three LPWAN technology standards (EGPRS, NB-IoT or LTE-M) to connect directly to the IoT Platform without the need for additional network configuration.

SHORT-SERIES PRODUCTION OF ELECTRONICS AND RESEARCH AND DEVELOPMENT (R&D)

Comarch IoT Plant - a factory floor, which offers high quality services in the field of rapid prototyping and assembly of electronic devices (EMS). It provides customers with comprehensive support at every stage of the production process, from design, through mechanical prototyping, to assembly and post-production quality control.

Innovative production line, which enables short-series production of consumer electronics prototypes in a very short period, with particular emphasis on the quality of products and services offered. IoT Plant factory floor has been created in response to the needs of assembly of electronics, i.e. EMS services, and operates within the Integrated Management System of Comarch S.A.

Comarch IoT Lab - IoT Lab builds prototypes that meet the highest industry standards in terms of security and user experience. The services offered by IoT Lab include the process of creating an

industrial mould design, 3D visualization, electronics and software design, technical design and documentation, and preparing the final prototype.

PROFESSIONAL SERVICES

SERVICES FOR THE AUTOMOTIVE INDUSTRY

Software development - the scope of activities includes the design of applications, backends and the integration of third-party content and service providers (e.g. Voice assistants: Google Alexa Assistant, parking, payment, music, smart home). Services are carried out in accordance with customer requirements, using knowledge and experience in the field of network security and logic and intuitiveness in contact with the recipient.

Infotainment in-Car – participation in the development of embedded information and entertainment systems (Infotainment). It includes the development of applications for OEMs (e.g. Web Embedded) in the field of dedicated Infotainment systems. As an example of our activities, we were the first in Europe and the second in the world to integrate Spotify with the Infotainment system.

Integration with smartphones — the capability to connect applications installed on the smartphone and control them from the car head unit allows you to focus fully on driving, increasing the level of safety and responsiveness. The use of these applications is intuitive, you can control them using e.g. a button on the steering wheel or voice commands, without performing additional activities requiring divisive attention (e.g. MirrorLink, CarPlay, Android Auto).

E-mobility – combining project experience with other Comarch sectors, IoT provides solutions and services that are a part of the development of the e-mobility concept, which not only concerns economic and ecological transport, but also supporting applications and user services (software services). With e-mobility provided by Comarch, users can use vehicle-integrated voice assistants when planning their work through the application of in-car Office (calendar integration) or save time to find the parking spot using the integrated smart parking system (integration with OEMs).

UX / UI — these services rely on a comprehensive study of user behaviour and profiles to design intuitive and user-friendly applications.

CERTIFICATION

Certification tools for standardisation organisations support effective management of the certification process for devices and applications. In addition, they allow for checking compliance with current standards, especially in the area of Internet of Things communication standards. In addition, Comarch provides certificate authority tools to issue and verify certificates to confirm the identity of a given entity.

EMBEDDED SYSTEMS

Comarch offers comprehensive system and product solutions in the area of embedded systems. The experience gained in the implementation of international projects in the field of consumer electronics and automotive, medical and financial-banking industries is a guarantee of compliance of the technology with current trends and industry standards applicable to the offered solutions.

OUTSOURCING

It is provided within the scope of outsourcing of processes, R&D, systems and know-how (human resources). Cooperation with Comarch reduces the cost, time and risk of projects carried out.

3.8. Sports Activities

MKS Cracovia SSA conducts sports activities with participation in professional leagues and competitions in several sports disciplines, the most important of which are football and ice hockey. The purpose of the investment in the company is to promote the Comarch brand. It is an element of the Comarch Group's marketing strategy, the aim of which is to create the image of Comarch as a leading IT supplier for large and medium-sized companies in Poland.

Revenue from sports activities of MKS Cracovia SSA include sums of revenue due to advertising services and other services, as well as receipts from the sales of tickets for sporting events organized by the company.

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

Due to the type of IT systems offered by Comarch, medium-size and large companies (who are the largest clients of advanced IT solutions all over the world) constitute the main group of clients. Majority of company's products are addressed to specific groups of customers, while IT services are of universal nature and are offered to all groups of customers. The Comarch's offer is dedicated to both Polish and foreign customers. Since many years, the Company's strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe, South and North America and Asia. Sale in the Company is highly diversified, with no dependency on one major client. In 2020, the share of sale to none of the customer exceeded 10% of the Comarch Group sales.

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

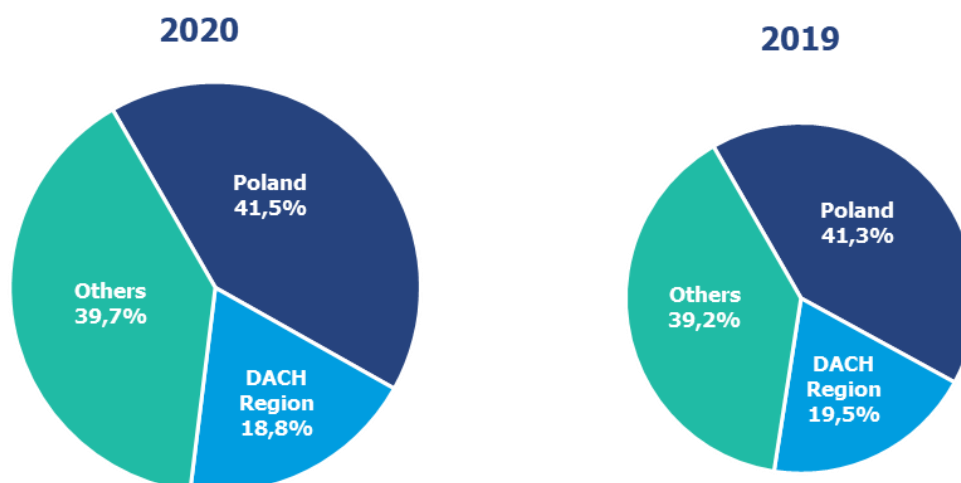
5. Sales Structure

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

	2020	%	2019	%	2018	%
Domestic	637,943	41.5%	594,021	41.3%	632,372	46.2%
Export	898,810	58.5%	843,402	58.7%	737,247	53.8%
Total	1,536,753	100.0%	1,437,423	100.0%	1,369,619	100.0%

In 2020, the Group generated PLN 637,943 thousand of revenue from domestic sales, that is PLN 43,922 thousand PLN (i.e. 7.4%) more than in the corresponding period of 2019. This was due to an increase in sales to the Public, SME-Poland and Medical Sectors. The value of revenue from export sales in 2020 amounted to PLN 898,810 thousand and were higher by PLN 55,408 thousand (i.e. by 6.6%) than in the previous year. This is mainly due to the increase in sales revenue to clients from the Finance and Banking Sector as well as from the SME – DACH Sector. In the 12 months of 2020, export sales accounted for 58.5% of the total revenue of the Group.

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



	2020	%	2019	%	2018	%
Poland	637,943	41.5%	594,021	41.3%	632,372	46.2%
DACH	288,691	18.8%	279,899	19.5%	241,637	17.6%
Remaining countries	610,119	39.7%	563,503	39.2%	495,610	36.2%
Total	1,536,753	100.0%	1,437,423	100.0%	1,369,619	100.0%

In 2020, the Group's sales in DACH region increased by PLN 8,792 thousand, i.e. 3.1% compared to the previous year and its share in total Group's sales amounted to 18.8%. Other foreign sales increased by PLN 46,616 thousand, which is an increase of 8.3%. Share of other foreign sales in total Group's sales in 2020 amounted to 39.7%.

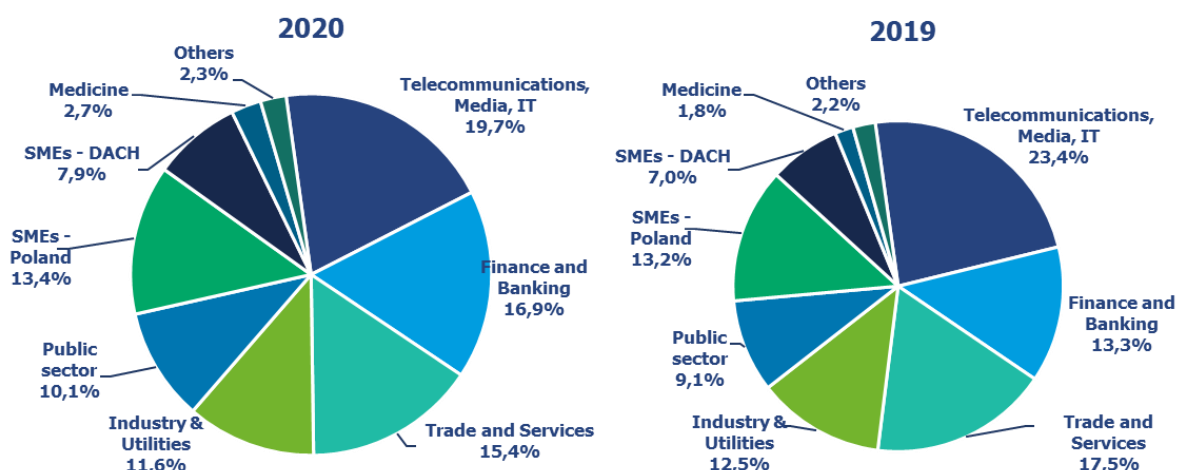
5.2. Revenue from Sales – Market Structure (in thousands of PLN)

	2020	%	2019	%	2018	%
Telecommunication, Media, IT	302,588	19.7%	335,846	23.4%	316,416	23.1%
Finance and Banking	259,151	16.9%	191,054	13.3%	204,532	14.9%
Trade and Services	237,137	15.4%	251,743	17.5%	202,406	14.8%
Industry & Utilities	179,019	11.6%	179,336	12.5%	138,344	10.1%
Public Sector	154,541	10.1%	130,352	9.1%	193,000	14.1%
Small and Medium Enterprises – Poland	206,169	13.4%	190,421	13.2%	160,874	11.7%
Small and Medium Enterprises – DACH	122,146	7.9%	100,411	7.0%	99,568	7.3%
Medical Sector	40,820	2.7%	25,919	1.8%	27,351	2.0%
Others	35,182	2.3%	32,341	2.2%	27,128	2.0%
Total	1,536,753	100.0%	1,437,423	100.0%	1,369,619	100.0%

In 2020, sales revenue of the Comarch Group to clients from the TMT Sector amounted to PLN 302,588 thousand, which means a decrease of PLN 33,258 thousand (i.e. of 9.9%) compared to 2019. Customers from the Finance and Banking Sector purchased products and services in the amount of PLN 259,151 thousand, higher than in the previous year by PLN 68,097 thousand, i.e. by 35.6%. Sales to customers from the Trade and Services Sector decreased by PLN 14,606 thousand, i.e. by 5.8%) which was caused by reduced demand for IT solutions among customers from industries more affected by the effects of the Covid-19 epidemic, revenue from sales to recipients from the Industry & Utilities sector also recorded a decrease of PLN 317 thousand, i.e. of 0.2%. Revenue from sales to recipients from the Public Sector increased significantly, of PLN 24,189 thousand, i.e. of 18.6%. There was also a significant increase in revenue from sales to the Medical Sector (an increase of PLN 14,901 thousand, i.e. of 57.5%). Customers from the SME-Poland Sector purchased products and services worth PLN 15,748 thousand, i.e. 8.3% higher than in the corresponding period of last year. There was also a significant increase in sales to clients from the SME-DACH sector (of PLN 21 735 thousand, i.e. of 21.6%). Sales to other customers increased by PLN 2,841 thousand, i.e. by 8.8%.

Thanks to the focus on the sales of proprietary solutions, the Comarch Group recorded a significant increase in revenue and improvement in operating profitability.

The structure of sales remained stable during the financial year.



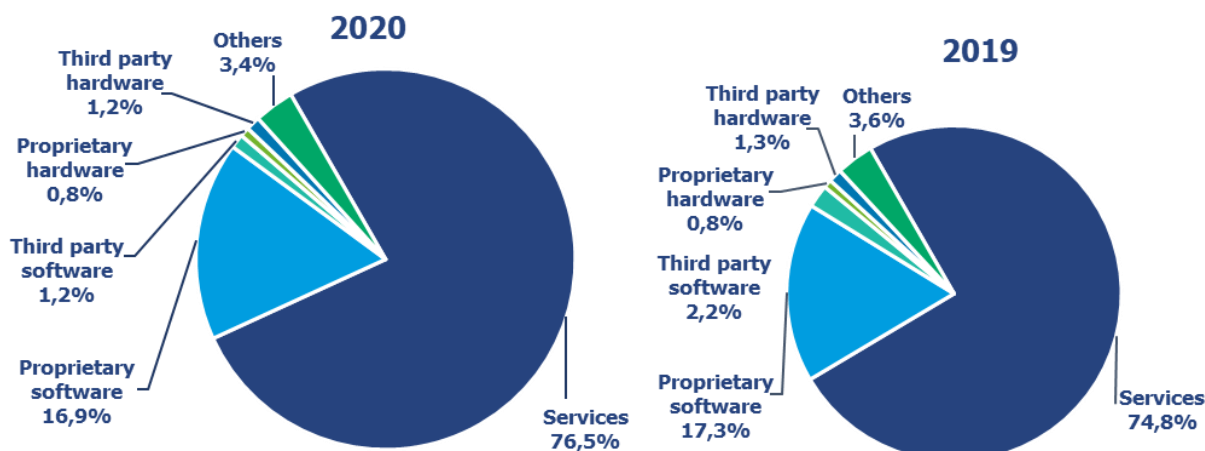
5.3. Revenue from Sales – Products Structure (in thousands of PLN)

	2020	%	2019	%	2018	%
Services	1,175,323	76,5%	1,074,965	74,8%	992,627	72,4%
Proprietary Software	259,952	16,9%	249,442	17,3%	207,271	15,1%
Third party Software	18,219	1,2%	30,997	2,2%	24,041	1,8%
Finished goods	13,104	0,8%	11,676	0,8%	42,216	3,1%
Hardware	18,597	1,2%	19,134	1,3%	55,728	4,1%
Others	51,558	3,4%	51,209	3,6%	47,736	3,5%
Total	1,536,753	100,0%	1,437,423	100,0%	1,369,619	100,0%

In the period of 12 months of 2020, the type structure of sales revenue of the Comarch Group did not change significantly compared to the same period of 2019. Revenue from the sales of IT services increased by PLN 100,358 thousand, i.e. by 9.3%. Revenue from sales of proprietary software increased by PLN 10,510 thousand, i.e. by 4.2%. The sales of own finished products increased compared to the previous year (by PLN 1,428 thousand, i.e. by 12.2%), the same was observed in other sales, where

the increase in revenue amounted to PLN 349 thousand (i.e. 0.7%). Revenue from the sales of third-party software decreased by PLN 12,778 thousand, i.e. by 41.2%. In the period of 12 months of 2020, sales of third-party hardware decreased by 537 thousand, i.e. 2.8%.

Throughout 2020, the sales structure by products remained at a stable level.



6. 6.Factors Essential for Development of the Comarch Group

6.1. Internal Factors

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

6.2. External Factors

- Enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as Comarch S.A., which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- Increased significance of mobile technologies broadly used in IT solutions for all groups of customers;
- Change in business models in many branches as well as change in business strategies of many companies related to technological progress and economic growth, which shape the demand for

new IT systems, broadening software sales in the cloud computing model means an increase in capital and resources requirements for IT companies;

- d) An access of Polish companies to resources from structural funds related to Polish membership in European Union that will be dedicated in part to develop IT systems and finance research and development works;
- e) Growing competition, causing decrease in achieved margins; competition between IT companies;
- f) Continued pressure on increase in remuneration in IT sector; number of graduates from technical universities having IT skills decreases;
- g) Growing competition on the local labour market in IT sector in Krakow and other locations where the Company conducts its business;
- h) The international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services;
- i) Exchange rate levels fluctuations, especially EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN NZD/PLN, RUB/PLN, UAH/PLN and AED/PLN, which affect the profitability of export sales;
- j) The international economic situation, in particular in Europe, which influences the demand for IT products and services on this market, as well as the financial credibility of the customers in this region;
- k) The international political situation, including increasing risk of terrorist attacks in places of project management complicates their implementation;
- l) Epidemiological situation in the world, related to the SARS-CoV-2 coronavirus spread and COVID-19 incidents, which has an impact on the business activity of the Group and the financial condition of the Group's clients and the demand for IT products and services generated by them.

7. Other Significant Factors, including Risks and Threats

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

7.1. Credit Risk

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

7.2. Risk of Change in Interest Rates

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

Financial analysis of the Group's financial result sensitivity to the risk of changes in interest rates is included in notes [2.3.3.](#) (ENG: [2.3.3.](#)) of the consolidated financial statement

7.3. Risk of Fluctuation in the Exchange Rates

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

of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

Financial analysis of the Group's financial result sensitivity to exchange rate fluctuation risk is included in notes [2.3.3.](#) (ENG: [2.3.3.](#)) of the consolidated financial statement.

7.4. Financial Liquidity Risk

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

8. Perspectives of Development in the Group and Anticipated Financial Situation in 2021

In 2020, the demand for IT services and products of the Comarch Groups increased, with changes in its structure. The Group recorded a significant increase in demand for solutions for the financial and banking sector, public sector, medical and ERP products, with a simultaneous decline in sales to the telecommunications sector, as well as trade and services. The Group's order backlog now ensures full utilization of its production capacity in several consecutive periods.

The activities of the Comarch Group in 2021 will be significantly influenced by the epidemiological situation in the world, related to the spread of the SARS-CoV-2 coronavirus and COVID-19 cases, which affects the operational activities of the Comarch Group and the financial condition of its customers and generated by demand for IT products and services. As at the date of these financial statements, the Group's operating activities were conducted smoothly. The Comarch Group has implemented all the guidelines recommended by the Chief Sanitary Inspectorate and other state institutions in the countries of the Group's operational activity, with particular emphasis on the recommendations regarding safety, health and hygiene for employees. Business trips to countries identified by the Chief Sanitary Inspectorate as high-risk countries were suspended, direct contacts between employees within the organization were limited, and the remote work mode of office workers was launched on a larger scale. Remote communication methods are widely used in business contacts. The Management Board emphasizes that the Group's activities are very well diversified in terms of industries, products and geography, and the current situation does not pose a threat to the financial stability of the Company.

In terms of revenue from sales, there was a temporary decrease in revenue from the sales of services and products in industries negatively affected by lockdowns, but there was also an increase in revenue in industries that benefited from this situation (including online trade, logistics, telemedicine). 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 countries, restrictions imposed on entrepreneurs, the possibility of using aid packages launched by individual countries, the pace of implementation of the preventive vaccination program, as well as exchange rate volatility and financial matters of the Group's clients.

Comarch's activities and financial results in 2021 will also be influenced by the development of the political and economic situation in Poland and worldwide, as well as the situation on the labour market. Thanks to the strategy of positioning itself on the market as a technology and product Company, which has been consistently implemented for many years, Comarch's offer is very well diversified. The group of clients is constantly expanding, and a significant part of them are international companies, which allows the Company to continue developing. The dynamically developing activity of the Comarch Group on foreign markets additionally increases the sales volume and improves the image of Comarch among customers, thus contributing to the strengthening of the Company's competitive position. It also means the necessity to make numerous capital investments outside Poland (mainly by establishing foreign subsidiaries). The implementation of the Company's strategy depends to a large extent on the

macroeconomic conditions beyond Comarch's control, in particular on the level of IT investments made by medium and large companies in the country and abroad, and on the intensifying competition on the labour market in the IT sector. At the same time, the necessary condition for the implementation of the strategy is the effective management of operational risks. A chance for the Group is its great innovation and increased demand for IT delivery in the services model - the Comarch Group, thanks to a wide range of its own products, infrastructure and human and capital resources, can flexibly adapt to the business models expected by customers.

The most important risks related to the Group's operations are:

- risks related to R&D work (developing proprietary software products);
- risks related to implementation of long-term contracts;
- risks related to failure to meet contract terms and conditions and contractors taking advantage of the provided performance guarantees;
- risk of foreign legal and political environment related to execution of export contracts;
- the credit risk related to the sale with deferred payment, and frequently with a long period of execution of contracts;
- risk of employee's rotation, and risk of a lack of possibility to hire the appropriate number of qualified employees, the risk of increased labour costs;
- the risk of fluctuations in exchange rates and interest rates;
- the risks related to international terrorism, impeding the posting of employees in business travel in some regions of the world;
- the risks related to the SARS-CoV-2 coronavirus spread and COVID-19 incidents, which has an impact on the business activity of the Group and the financial condition of the Group's clients and the demand for IT products and services generated by them.

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

9. Financial Analysis

Balance Sheet Assets	31 December 2020	%	31 December 2019	%	Change	Change %
Non-current assets						
Property, plant and equipment	582,158	29.1%	539,635	29.3%	42,523	7.9%
Right-of-use asset	88,222	4.4%	73,636	4.0%	14,586	19.8%
Investment real estates	39,874	2.0%	36,631	2.0%	3,243	8.9%
Goodwill	45,774	2.3%	40,735	2.2%	5,039	12.4%
Other intangible assets	55,528	2.8%	56,311	3.1%	-783	-1.4%
Non-current prepayments	1,298	0.1%	2,486	0.1%	-1,188	-47.8%
Investment in associates	-	-	570	0.0%	-570	-100.0%
Other assets at fair value	597	0.0%	2,739	0.1%	-2,142	-78.2%
Other investment	216	0.0%	211	0.0%	5	2.4%
Deferred income tax assets	35,864	1.8%	35,002	1.9%	862	2.5%
Other receivables	7,042	0.3%	8,782	0.5%	-1,740	-19.8%
	856,573	42.8%	796,738	43.2%	59,835	7.5%
Current assets						
Inventories	88,115	4.4%	90,741	4.9%	-2,626	-2.9%
Trade and other receivables	429,858	21.4%	430,182	23.3%	-324	-0.1%
Current income tax receivables	1,430	0.1%	3,554	0.2%	-2,124	-59.8%
Long-term contracts receivables	157,441	7.9%	193,865	10.5%	-36,424	-18.8%
Available-for-sale financial assets	20,001	1.0%	-	-	20,001	100.0%
Other financial assets at fair value – derivative financial instruments	2,119	0.1%	4,923	0.3%	-2,804	-57.0%
Stock or shares	-	-	-	-	0	0.0%
Cash and cash equivalents	448,021	22.3%	322,708	17.5%	125,313	38.8%
	1,146,985	57.2%	1,045,973	56.8%	101,012	9.7%
Available-for-sale financial assets	-	-	-	-	-	-
Total assets	2,003,558	100.0%	1,842,711	100.0%	160,847	8.7%

The value of the Comarch Group's assets at the end of 2020 increased by PLN 160,847 thousand, i.e. by 8.7%. The value of non-current assets at the end of 2020 increased by PLN 59,835 thousand, i.e. 7.5% compared to 2019. As at 31st of December, 2020, the value of the asset due to the right of use was PLN 88,222 thousand, while as at 31st of December, 2019 it amounted to PLN 73,636 thousand. (PLN 74,402 thousand as at 1st of January, 2019, when the Comarch Group first applied IFRS 16). The depreciation value of the right-of-use asset in 2020 amounted to PLN 21,148 thousand. Moreover, the increase in the value of property, plant and equipment from PLN 539,635 thousand up to PLN 582,158 thousand (an increase of 7.9% compared to 2019) contributed to the increase in non-current assets to the greatest extent. The increase resulted from the capital expenditure incurred in connection with the construction of the MKS Cracovia SSA training centre, the purchase of an aircraft and expenditure on the modernization of buildings at Bonus Management sp. z o.o. SK-A i Bonus Management sp. z o.o. II Activia SK-A. The increase in the value of investment real estates from PLN 36,631 thousand up to PLN 39,874 thousand (an increase of 8.9% compared to 2019) and an increase in goodwill from PLN 40,735 thousand up to PLN 45,774 thousand (an increase of 12.4% compared to the previous year due to the purchase of the 2CSI company in the second quarter of 2020), they also contributed to the increase in

non-current assets. Other investments recorded a slight increase of 2.4%. Long-term prepayments decreased by PLN 1,188 thousand, i.e. 47.8%. The value of other receivables decreased by PLN 1,740 thousand (i.e. by 19.8%) due to the repayment of part of the loans granted. The decrease also concerned other assets measured at fair value - their value decreased by PLN 2,142 thousand, i.e. 78.2%. Other intangible assets decreased by 1.4%, i.e. PLN 783 thousand. Investments in associates decreased by PLN 570 thousand, therefore at the end of 2020 they amounted to PLN 0.

The value of current assets increased by PLN 101,012 thousand compared to the previous year's level, i.e. by 9.7%. It was mainly due to the increase in the value of cash and cash equivalents from PLN 322,708 thousand up to PLN 448,021 thousand, i.e. of 38.8%. The increase in current assets was also influenced by the creation of available-for-sale financial assets in the amount of PLN 20,001 thousand, resulting from the acquisition by Comarch S.A. participation units in investment funds, acquired as an investment of free cash. On the other hand, a significant decrease (of PLN 36,424 thousand, i.e. 18.8%) was recorded in due revenue from long-term contracts. The value of receivables due to current income tax and other financial assets measured at fair value - derivative instruments decreased by PLN 2,124 thousand, i.e. 59.8% and PLN 2,804 thousand, i.e. 57.0% respectively. The value of inventories also decreased, the decrease amounted to PLN 2,626 thousand, i.e. 2.9%. Other items of current assets remained at a similar to last year's level.

PASYWA	31 December 2020	%	31 December 2019	%	Change	Change %
EQUITY						
Capital attributable to the company's shareholders						
Share capital	8,133	0.4%	8,133	0.4%	0	0.0%
Other capital	84,446	4.2%	84,446	4.6%	0	0.0%
Exchange differences	58,595	2.9%	58,595	3.2%	0	0.0%
Net profit for the current period	29,653	1.5%	10,168	0.6%	19,485	191.6%
	899,212	44.9%	790,781	42.9%	108,431	13.7%
Minority interest	1,080,039	53.9%	952,123	51.7%	127,916	13.4%
Total EQUITY	1,098,547	54.8%	970,756	52.7%	127,791	13.2%
LIABILITIES						
Non-current liabilities						
Credit and loans	116,760	5.8%	141,718	7.7%	-24,958	-17.6%
Other liabilities	6,305	0.3%	4,998	0.3%	1,307	26.2%
Lease liabilities	75,145	3.8%	59,001	3.2%	16,144	27.4%
Financial liabilities at fair value – derivative financial instruments	5,639	0.3%	2,909	0.2%	2,730	93.8%
Other financial liabilities	46,778	2.3%	48,725	2.6%	-1947	-4.0%
Provision due to deferred income tax	1,803	0.1%	-	-	1,803	100.0%
	252,430	12.6%	257,351	14.0%	-4,921	-1.9%
Current liabilities						
Trade and other liabilities	216,128	10.8%	191,770	10.4%	24,358	12.7%
Current income tax liabilities	24,794	1.2%	8,765	0.5%	16,029	182.9%
Invoiced revenues for long-term contracts	147,651	7.3%	172,831	9.4%	-25,180	-14.6%
Credit and loans	40,176	2.0%	41,091	2.2%	-915	-2.2%
Lease liabilities	19,142	1.0%	15,730	0.9%	3,412	21.7%

Financial liabilities at fair value						
– derivative financial instruments	3,820	0.2%	-	-	3,820	0.0%
Other financial liabilities	5,249	0.3%	4,009	0.2%	1,240	30.9%
Provisions for other liabilities and charges	195,621	9.8%	180,408	9.8%	15,213	8.4%
	652,581	32.6%	614,604	33.4%	37,977	6.2%
Total liabilities and charges	905,011	45.2%	871,955	47.3%	33,056	3.8%
Total equity and liabilities	2,003,558	100.0%	1,842,711	100.0%	160,847	8.7%

In 2020, the structure of liabilities of the Comarch Group did not change significantly compared to 2019. Thanks to the high result for the current period, the value of equity in 2020 increased by 13.2%. Exchange rate differences and profits / (losses) from previous years and profit for the current period increased by PLN 19,485 thousand, i.e. by 191.6% and PLN 108,431 thousand, i.e. by 13.7%, respectively. A slight decrease, i.e. 0.7%, was recorded in minority interests (PLN 18,508 thousand compared to PLN 18,633 thousand in 2019). The share of equity attributable to the company's shareholders in the structure of liabilities increased from 51.7% to 53.9%.

Liabilities accounted for 45.2% of liabilities compared to 47.3% a year earlier. Their value increased by PLN 33,056 thousand, i.e. by 3.8% compared to the previous year. As at 31st of December, 2020, the total value of short-term and long-term lease liabilities was PLN 94,287 thousand, while as at 31st of December, 2019 it amounted to PLN 74,731 thousand (PLN 74,402 thousand as at 1st of January, 2019, when the Comarch Group first applied IFRS 16). The value of long-term liabilities decreased by 1.9%, mainly due to a decrease in the value of long-term credits and loans (of PLN 24,958 thousand, i.e. of 17.6%), mainly due to the regular repayment of bank loans. The provision for deferred income tax decreased from the level of PLN 48,725 thousand at the end of 2019 down to the level of PLN 46,778 thousand, i.e. by 4.0%. On the other hand, financial liabilities measured at fair value - derivative instruments increased by PLN 2,730 thousand, i.e. by 93.8%. An increase of PLN 1,307 thousand, i.e. of 26.2%, was recorded by other liabilities, while the recognition of a provision for other liabilities and charges contributed to an increase in the value of long-term liabilities of PLN 1,803 thousand. The increase in the value of short-term liabilities was influenced by increases in the value of: trade liabilities and other liabilities (an increase of PLN 24,358 thousand, i.e. of 12.7%), current income tax liabilities (an increase of PLN 16,029 thousand, i.e. of 182, 9%), other financial liabilities (an increase of PLN 1,240 thousand, i.e. of 30.9%) and provisions for other liabilities and charges, which increased by PLN 15,213 thousand, i.e. 8.4%. Moreover, the increase in the value of liabilities was also influenced by the recognition in the balance sheet the financial liabilities measured at fair value - derivative instruments in the amount of PLN 3,820 thousand. On the other hand, the greatest decrease was related to invoiced revenue related to long-term contracts (of PLN 25,180 thousand, i.e. of 14.6%). A decrease was also recorded by short-term credits and loans, which amounted to PLN 915 thousand, i.e. 2.2%.

Debt analysis	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Debt ratio	7.8%	9.9%	12.9%	14.9%	12.1%
Debt/equity ratio	14.5%	19.2%	25.1%	26.9%	20.6%

Debt ratios in 2020 decreased as a result of a decrease in the value of bank credits and loans with a simultaneous increase in the value of assets and equity. The Group is financed with internal means in 54.8% and with external means in 45.2%.

	2020	%	2019	%	Change	Change %
Revenue	1,536,753	100,0%	1,437,423	100,0%	99,330	6,9%
Cost of sales	-1,086,229	-70,7%	-1,016,698	-70,7%	-69,531	6,8%
Gross profit	450,524	29,3%	420,725	29,3%	29,799	7,1%
Other operating income	54,259	3,5%	34,320	2,4%	19,939	58,1%
Sales and marketing costs	-143,874	-9,4%	-145,545	-10,1%	1,671	-1,1%
Administrative expenses	-121,024	-7,9%	-127,937	-8,9%	6,913	-5,4%
Other operating expenses	-48,324	-3,1%	-38,180	-2,7%	-10,144	26,6%
Operating profit	191,561	12,5%	143,383	10,0%	48,178	33,6%
Finance revenue -net	-27,307	-1,8%	-1,014	-0,1%	-26,293	2,593,0%
Profit before income tax	164,254	10,7%	142,369	9,9%	21,885	15,4%
Income tax expense	-43,761	-2,8%	-36,851	-2,6%	-6,910	18,8%
Net profit for the period	120,493	7,8%	105,518	7,3%	14,975	14,2%
Attributable to:						
Shareholders of the Parent Company	120,631	7,8%	104,846	7,3%	15,785	15,1%
<i>Interests not entitled to control</i>	<i>-138</i>	<i>0.0%</i>	<i>672</i>	<i>0.0%</i>	<i>-810</i>	<i>-120.5%</i>

In 2020, the Comarch Group generated sales revenue in the amount of PLN 1,536,753 thousand. They were about PLN 99,330 thousand, i.e. 6.9% higher than in 2019. The EBIT amounted to PLN 191,561 thousand and was higher by PLN 48,178 thousand, i.e. by 33.6% than in the previous year. The value of other operating income increased significantly (by PLN 19,939 thousand, i.e. 58.1%), mainly due to the sales of other intangible assets and the release of provisions for receivables, damages and contractual penalties. The value of other operating costs increased in 2020 by PLN 10,144, i.e. by 26.6%, mainly as a result of a higher value of provisions for receivables, contractual penalties and damages. The net result attributable to the shareholders of the parent company amounted to PLN 120,631 thousand and was higher by PLN 15,785 thousand, i.e. by 15.1% than in 2019.

Profitability analysis	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Margin on sales	29.3%	29.3%	26.4%	26.0%	31.3%
EBIT margin	12.5%	10.0%	6.4%	5.2%	10.5%
Gross margin	10.7%	9.9%	4.6%	7.7%	9.4%
Net margin	7.8%	7.3%	2.2%	5.7%	6.6%

In 2020, the sales margin remained at the 2019 level, while the operating margin increased to 12.5%. The gross sales and net sales profitability reached the level of 10.7% and 7.8%, respectively. Both the operational margin of the Comarch Group and the net profitability in 2020 were at a satisfactory level.

The results achieved by the Comarch Group were influenced by, among others:

- In this period, there were no extraordinary events of significant value, while in 2019 the effect of the settlement with the Social Insurance Institution regarding the ZUS KSI contract was recognized, which increased the operating result and the net result of the Comarch Group in 2019 by PLN 24,203 thousand,
- increase in revenue from foreign sales, which amounted to PLN 55,408 thousand (i.e. 6.6%), resulting from, inter alia, development of sales of banking and finance solutions on European and Asian markets, as well as ERP solutions in the DACH region. In 2020, foreign sales accounted for 58.5% of the total revenue of the Comarch Group,

- increase in domestic sales of PLN 43,922 thousand, i.e. of 7.4%, which was mainly the result of increased sales to clients from the Public, SME and medical sectors in 2020,
- occurrence of positive exchange rate differences from the balance sheet valuation of trade receivables, related to the weakening of the PLN exchange rate against foreign currencies in 2020, which increased sales revenue and operating result in the described period by PLN 12,781 thousand,
- occurrence of negative exchange rate differences from the balance sheet valuation of trade liabilities, related to the depreciation of PLN, BRL, ARS against foreign currencies in 2020, which decreased the operating result in the described period by PLN 20,616 thousand,
- occurrence of realized negative foreign exchange differences and from the balance sheet valuation of cash and loans and advances denominated in foreign currencies, the value of which in the described period amounted to minus PLN 10,550 thousand,
- negative balance sheet valuation of forward and IRS financial instruments, the value of which in the described period was minus PLN 11,592 thousand,
- an increase in operating costs, resulting from the wage pressure in the IT sector, as well as the introduction of PPK contributions - the basic salary fund in the Comarch Group increased by 6.4% in the reporting period compared to 2019,
- current income tax, which was the result of high profitability of the Comarch Group companies in Poland and Germany, its value in 2020 was PLN 46,571 thousand,
- creation and release of write-offs for doubtful trade receivables, which decreased the Comarch Group's operating result by PLN 3,108 thousand,
- applying the IFRS 15 accounting standard, as a result of which a part of the revenue from the sales of Comarch software licenses is settled over time, in accordance with the stage of project implementation. The value of this adjustment in 2020 amounted to PLN 11,793 thousand,
- the application of the IFRS 16 accounting standard meant that the value of depreciation, and thus the value of EBITDA, increased in 2020 by PLN 21,148 thousand,
- release of the provision in the amount of PLN 5,294 thousand, as a result of concluding a settlement with one of the clients, ending many years of court proceedings,
- reduced level of selling and marketing costs (by PLN 1,671 thousand) and general management costs (by PLN 6,913 thousand), which was the result of restrictions in business activities caused by the Covid-19 pandemic.

The costs associated with the production of new and improvement of the existing software will have an impact on increasing operating costs and reducing the current financial result of the Comarch Group in the subsequent periods, while in the future they will contribute to increasing revenue generated in these business areas.

The Group's financial results achieved on its core business confirm the effectiveness of the implemented strategy, assuming:

- high level of product, sector and geographical diversification, thanks to which the Comarch Group is ready to conduct business also in the worse economic conditions,
- significant investments in human capital,
- conservative financial management and maintenance of cash reserves constituting the "liquidity cushion" for the company,
- development and sales of IT solutions based mainly on own products,
- sales development on foreign markets, in particular in Western Europe, Asia and the Oceania and North America,
- constant improvement of operational efficiency through the improvement of procedures and cost rationalization,
- 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 services model,
- investments in own technologies and IT infrastructure.

Liquidity analysis	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Current ratio	1.8	1.7	1.6	1.8	2.0
Quick ratio	1.4	1.2	1.2	1.4	1.7
Cash to current liabilities ratio	0.7	0.5	0.4	0.5	0.6

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

Turnover analysis	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Current assets turnover ratio	1.3	1.4	1.5	1.5	1.5
Receivable turnover ratio (days)	101	109	115	126	133
Inventories turnover ratio (days)	64	69	37	162	36
Liabilities turnover ratio (days)	195	189	173	197	189
Liabilities turnover excluding liabilities due to investment credit ratio (days)	192	187	159	144	142

The turnover ratios confirm the effective use of Comarch Group funds. At the end of 2020, the value of costs of sold goods and materials was lower compared to 2019, which translated into a decrease in the inventories turnover ratio. Liabilities turnover ratios increased mainly due to the recognition of lease liabilities in the balance sheet as a result of the implementation of IFRS 16 from 1st of January, 2019. Other ratios remained at a level similar to previous years. The decrease in the receivables turnover ratio observed each year confirms the effectiveness of receivables management. The current assets turnover ratio decreased slightly and is the effect of high cash at the end of the year.

Methods of Calculation of Financial Ratios

Debt Ratios

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

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

Profitability Ratios

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

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

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

$$\text{Return on Sales (profit attributable to shareholders)} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Revenue}}$$

Liquidity Ratios

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

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

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

Turnover Analysis

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

$$\text{Receivables Turnover Ratio} = \frac{\left(\begin{array}{l} \text{Trade and Other Receivables} \\ \text{+Current Income Tax Receivables} \end{array} \right) * 360}{\text{Revenue}}$$

$$\text{Inventories Turnover Ratio (days)} = \frac{(\text{Inventories-production in progress}) * 360}{\text{Costs of Sold Goods and Materials}}$$

$$\text{Liabilities Turnover Ratio(days)} = - \frac{\begin{array}{l} (\text{Liabilities} \\ \text{-Liabilities due to} \\ \text{Long-term Contracts}) * 360 \end{array}}{\begin{array}{l} \text{Sales and Marketing Costs+} \\ \text{+Administrative Expenses+} \\ \text{+Other Operating Expenses +} \\ \text{+Costs of Sold Products,} \\ \text{Services, Goods and Materials)} \end{array}}$$

$$\frac{\text{Liabilities Turnover Ratio excluding Liabilities due to Bonds and Investment Credit (days)}}{= \frac{(\text{Liabilities} - \text{Credits and Loans}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials})}$$

10. Credits, Loans, Suretyships, Guarantees and Significant Off- Balance Sheet Items

10.1. Non-Revolving Credits and Loans

As at the 31st of December, 2020, the Group had liabilities due to non-revolving credits and loans in the amount of PLN 156,523 thousand.

In 2020, all covenants under the loan agreements concluded by companies in the Comarch Group were met. The Parent Company's Management Board expects no problems in meeting them in the future

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	BNP Paribas Bank Polska S.A.	44,000	PLN	2,309 (2,919 as at 31 December 2019)	EUR	10,655 (12,432 as at 31 December 2019)	PLN	EURIBOR1M + bank margin IRS until the 29-07-2024	29.07.2024	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	387 (902 as at 31 December 2019)	EUR	1,784 (3,840 as at 31 December 2019)	PLN	EURIBOR1M + bank margin	29.09.2021	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	0 (953 as at 31 December 2019)	EUR	0 (4,057 as at 31 December 2019)	PLN	EURIBOR1M + bank margin	31.12.2020	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	4,848 (6,507 as at 31 December 2019)	EUR	22,372 (27,711 as at 31 December 2019)	PLN	EURIBOR1M + bank margin IRS until the 30-11-2023	30.11.2023	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.	Bank Handlowy w Warszawie S.A.	13,333	EUR	11,340	EUR	52 330	PLN	EURIBOR1M + bank margin	29.02.2028	mortgage on the SSE7 building, assignment of rights from the

office buildings SSE7 in Krakow				(12,920 as at 31 December 2019)		(55,018 as at 31 December 2019)		IRS until the 29- 02-2028		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	1,050 (1,400 as at 31 December 2019)	EUR	4,848 (5,961 as at December 2019)	PLN	EURIBOR1M + bank margin	30.12.2023	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	6,041 (6,680 as at 31 December 2019)	EUR	27,878 (28,448 as at 31 December 2019)	PLN	EURIBOR1M + bank margin IRS until the 31- 05-2030	31.05.2030	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. Data centre in Lille in France	BNP Paribas Bank Polska S.A	8,000	EUR	3,600 (4,908 as at 31 December 2019)	EUR	16,613 (20,900 as at 31 December 2019)	PLN	EURIBOR3M + bank margin	18.09.2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the
Comarch S.A. Comarch infrastructure modernization program	CaixaBank S.A. Oddział w Polsce	3,500	EUR	2,567 (3,499 as at 31 December 2019)	EUR	11,843 (14,899 as at 31 December 2019)	PLN	EURIBOR1M + bank margin	23.08.2023	Declaration of submission to enforcement
Comarch S.A. Comarch infrastructure modernization program	CaixaBank S.A. Oddział w Polsce	2,300	EUR	437 (0 as at 31 December 2019)	EUR	2,018 (0 as at 31 December 2019)	PLN	EURIBOR1M + bank margin	29.06.2025	Declaration of submission to enforcement
Comarch S.A.	IBM Global Financing Polska sp. z o.o.	12,980	PLN			2,142	PLN	Fixed interest rate	01.03.2022	none

delivery of IT hardware due to IT project realised by the Comarch Group						(4,850 as at 31 December 2019)				
Comarch Polska S.A.						1,274				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska sp. z o.o.	3,475	PLN			(2,144 as at 31 December 2019)	PLN	Fixed interest rate	01.05.2022	Suretyship by Comarch S.A.
Comarch S.A.						1,193				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska sp. z o.o.	3,139	PLN			(1,944 as at 31 December 2019)	PLN	Fixed interest rate	01.05.2022	none
Comarch S.A.						0				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska sp. z o.o.	1,814	PLN			(605 as at 31 December 2019)	PLN	Fixed interest rate	01.05.2020	none
Comarch S.A.						1,140				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska sp. z o.o.	1,825	PLN			(0 as at 31 December 2019)	PLN	Fixed interest rate	01.03.2022	none
Comarch S.A.				0		0				A promissory note, registered pledge on the Object of Financing, conditional (i.e. until the establishment of a registered pledge) transfer of ownership to secure the Object of Financing, assignment from the insurance policy of the Object of Financing
asset	PKO Leasing S.A.	5,000	EUR	(0 as at 31 December 2019)		(0 as at 31 December 2019)	PLN	EURIBOR1M + margin	29.02.2028	
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)						79				
Financing of activities	CAISSE D'EPARGNE	30	EUR	24	EUR	(0 as at 31 December 2019)	PLN	Fixed interest rate	05.02.2023	None
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)						100				
	CAISSE D'EPARGNE	51	EUR	21	EUR		PLN	Fixed interest rate	05.12.2021	none

Financing of activities						(0 as at 31 December 2019)				
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. (2CSI)	HSBC	200	EUR	63	EUR	254 (0 as at 31 December 2019)	PLN	Fixed interest rate	01.01.2022	suretyship

10.2. Revolving Bank Credits

As at the 31st of December, 2020, the Group had liabilities due to current credit lines in the amount of PLN 80,923 thousand, where PLN 413 were used.

In 2020, all covenants under the loan agreements concluded by companies in the Comarch Group were met. The Parent Company's Management Board expects no problems in meeting them in the future

Debtor / Subject of financing	Financial Institution	Total amount of credit/loan		Liability as at the balance sheet date				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. Financing operating activities	BNP Paribas Bank Polska S.A.	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	17.12.2021	Blank promissory note
Comarch S.A. Financing operating activities	Bank Polska Kasa Opieki S.A.	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30.06.2021	declaration of submission to enforcement
Comarch S.A. Financing operating activities	CaixaBank S.A. Oddział w Polsce	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	23.08.2021	declaration of submission to enforcement
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	CAISSE D'EPARGNE	200	EUR	89	EUR	413	PLN	EURIBOR + margin	31.03.2021	none

10.3. Loans Granted

10.3.1. Loans Granted to Managing and Supervising Persons

As at 31st of December, 2020, there are no unpaid loans to managing and supervising persons. As at the date of publication of the 2020 report, there are no unpaid loans to members of the management board and supervisory bodies.

10.3.2. Loans Granted to Employees of Comarch Group

As at 31st of December, 2020, there are no unpaid loans, as well as guarantees and sureties granted by Comarch Group companies to the employees. As at the date of publication of the report for 2020, there are no unpaid loans, as well as guarantees and sureties granted by Comarch Group Comarch Group companies to the employees.

10.4. Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,823 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to 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 30th of October, 2020.
- 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 with one of the clients for the implementation, servicing and delivery of the necessary licenses for the implementation of the Billing System project, a surety for liabilities of Comarch Luxembourg S.a.R.L. was granted to the amount of EUR 7,240 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment in order to perform a contract with one of the clients, a surety for liabilities of Comarch Polska S.A. was granted to the amount of PLN 3,660 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Yuhan Hoesa, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the NW Next Generation service, a surety for liabilities of Comarch Yuhan Hoesa was granted to the amount of EUR 18,467 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for ERP, POS and MoS services, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,254 thousand and is valid for the duration of the contract.

- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the e-Care service, a surety for liabilities of Comarch AB was granted to the amount of EUR 1,151 thousand and is valid for the duration of the contract.
- 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.
- Due to conclusion of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract for implementation of NRM & SI services with a license, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 10,659 thousand by Comarch S.A. and is valid for the duration of the contract.

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

10.5. Bank Guarantees and Significant Balance Sheet Items

On the 31st of December, 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 91,066 thousand, whereas it was PLN 90,725 thousand on the 31st of December, 2019.

On the 31st of December, 2020, the value of bank guarantees issued by banks on order from Comarch Software und Beratung was EUR 422 thousand (i.e. PLN 1,949 thousand), whereas it was EUR 392 thousand (i.e. PLN 1,668 thousand) on the 31st of December, 2019.

On the 31st of December, 2020, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (i.e. PLN 74 thousand), whereas it was EUR 16 thousand (i.e. PLN 68 thousand) on the 31st of December, 2019.

On the 31st of December, 2020, the value of bank guarantees issued by banks on order from Comarch Swiss AG was CHF 32 thousand (i.e. PLN 135 thousand), whereas it was CHF 0 (i.e. PLN 0) on the 31st of December, 2019.

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

11. The Most Important Events in 2020 and after the Balance-Sheet

11.1. Contracts Significant for Issuers' Activities

11.1.1. 2CSI Shares Purchase Agreement

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

11.1.2. Settlement with One of the Clients

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

After the settlement, the Comarch Group released the provision in the amount of PLN 5,294 thousand, which was included in the financial statements for the first quarter of 2020, and the value of potential, total third-party claims in which the Comarch Group was the defendant in court proceedings decreased by PLN 26,387 thousand.

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

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

The credit collaterals:

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

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

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

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

11.1.5. Loan Agreement with PKO Leasing Spółka Akcyjna

The Management Board of Comarch S.A. informed in current report no. [RB-15-2020](#) (ENG: [RB-15-2020](#)) dated on the 25th of September, 2020, about the signing on the 25th of September, 2020, a loan agreement with PKO Leasing Spółka Akcyjna with its registered office in Łódź for the purpose of financing the purchase of a property, plant and equipment in use (hereinafter the "Subject of Financing"). The loan amounts to EUR 5,000,000, i.e. PLN 22,738,500 according to the euro exchange rate as of the date of signing the agreement. The financing period is 7 years, the interest on the loan is based on a variable rate, and the loan should be used until the 28th of February, 2021.

The loan securities:

- a) a blank promissory note
- b) registered pledge on the Subject of Financing
- c) conditional (i.e. until the establishment of a registered pledge) transfer of ownership to secure the Subject of Financing
- d) insurance policy assignment for the Subject of Financing.

Management Board of Comarch S.A. considered this information as inside information due to its significant impact on the value of Comarch S.A.'s financial liabilities

11.1.6. Annex to the Contract for the Support, Operation and Maintenance of the Comprehensive IT System KSI ZUS and Statement from ZUS on Partial Withdrawal from the Agreement

The Management Board of Comarch S.A. informed on the 23rd of December, 2020, about the signing an annex to the contract for the support, operation and maintenance of the KSI ZUS Comprehensive IT System (hereinafter referred to as the "Agreement") with Zakład Ubezpieczeń Społecznych in Warsaw (the Polish Social Insurance Institution in Warsaw; hereinafter referred to as the "ZUS"). The subject of this amendment is to grant the Consortium a supplementary contract, to update the Agreement, and to establish a uniform text specified in the amendment to the appendixes to the Agreement. The supplementary order includes: entrusting the operation and maintenance support services of KSI ZUS currently covered by the contract with Asseco Poland from the 1st of May, 2021 for a period of not less than 3 months and not longer than until the 1st of October, 2022, entrusting operation support services and maintenance of KSI ZUS from the 1st of January, 2022 to the 1st of October, 2022. The value of the supplementary order is not more than PLN 71,733,359.23 net (in words: seventy one million seven hundred thirty three thousand three hundred fifty nine and 23/100), which together with the tax due on goods and services - at the rate of 23% - in the amount of PLN 16,498,672.62 (in words: sixteen million four hundred ninety eight thousand six hundred seventy two and 62/100) is PLN 88,232,031.85 gross (in words: eighty eight million two hundred thirty two thousand thirty one and 85/100).

The Management Board of Comarch S.A. informed on the 20th of February, 2021, about the receipt on 19th of February, 2021 of a statement from ZUS on partial withdrawal from the Agreement, submitted on the basis of the right under the Agreement, in terms of part of the supplementary order referred to in § 2 sec. 1 point 1 of the Annex of 23rd of December, 2020, pursuant to which the Consortium was entrusted with the provision of services supporting the operation and maintenance of KSI ZUS currently covered by the Agreement with Asseco Poland S.A. According to the statement of ZUS, the decision to exercise the right of partial withdrawal from the Agreement was influenced by the judgment of the National Appeals Chamber of 19th of February, 2021 (ref. KIO 18/21). Maximum value of services covered by part of the supplementary order to the extent indicated in § 2 section 1 point 1 of the Annex of 23rd of December 2020, to which the ZUS declaration relates, amounts to PLN 37,550,399.67 net (PLN 46,186,991.59 gross). The remaining scope of services covered by the Agreement remains unchanged.

The company announced details in current reports no. [RB-17-2020](#) (ENG: [RB-17-2020](#)) dated the 23rd of December, 2020 and no. [RB-3-2020](#) (ENG: [RB-3-2021](#)) dated the 20th of February, 2021.

AFTER THE BALANCE SHEET DATE**11.1.7. Selection of the Most Advantageous Offer in the Public Procurement for Providing the Support, Operation and Maintenance of the KSI ZUS**

The Management Board of Comarch S.A. informed in current report no. [RB-2-2021](#) (ENG: [RB-2-2021](#)) dated the 5th of February, 2021, about the receipt of the notification dated the 4th of February, 2021 about the selection of the most advantageous offer in the public procurement for providing the support, operation and maintenance of the Comprehensive IT System for the Social Insurance Institution (KSI ZUS), tender procedure no. TZ/271/65/19, organized by the Social Insurance Institution in Warsaw (hereinafter referred to as the "ZUS"), which indicate that the offer submitted by the Consortium of Comarch Polska S.A. and Comarch S.A. (hereinafter referred to as the "Consortium") was selected. The total value of the offer submitted by the Consortium under this tender is PLN 203,886,156.11 gross. The term of the contract is a maximum of 77 months from the date of the contract conclusion. The Management Board of Comarch S.A. will inform about the contract conclusion with the separate current report. Comarch S.A.'s Management Board recognized this information as an inside information due to its potential influence for the financial and economic situation of the Company.

11.2. Other**11.2.1. Resignation of the Managing Person**

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

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

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

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

AFTER THE BALANCE SHEET DATE

None present.

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

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

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

12.1. Capital Investment

All capital investments were described in point [20.2.](#) and [20.3.](#)

12.2. Real Estates

On 12th of August, 2020, Comarch Inc. acquired undeveloped land in Mesa, Arizona, USA. The purchased land with an area of 12,141 m² is located within the Elliot Road Technological Corridor, within which the largest high-tech enterprises operate. A modern Comarch Data Centre server room will be built on the acquired land, where the company will provide its services to clients from the USA and other countries of North and South America. The company plans to start the investment in 2021.

In 2020, Bonus Management Sp. z o.o. SK-A acquired a plot of land and 2 service and warehouse buildings with an area of 2,611 m² located in Zabierzów with a total value of PLN 3,900 thousand.

13. Activities in Special Economic Zone

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

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

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

Pursuant to IAS 12, unused tax relief as at the 31st of December, 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). An investment relief due to the permit obtained in 2007 was fully utilized and amounted to 0 PLN as at the 31st of December, 2020. Limit of the unused investment tax relief under the permit obtained in 2013 amounted to PLN 27,335 thousand as at the 31st of December, 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 PLN 22,809 thousand as at the 31st of December, 2020 (after discounting at the permit date). The company does not intend to use the permit obtained in February 2016 due to the fact that it has received (after its acquisition), co-financing of investment expenditure specified in this permit - to eliminate the risk of using two forms of public aid related to one investment.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years, selected from five years period (including the year for which the financial statement is prepared), after rejecting two extreme values.

During the 2020, the Group settled an asset created for the zone operations in the amount of PLN 9,958 thousand which were created as at 31st of December, 2019 and at the same time created in the amount of PLN 8,384 thousand. 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.

14. Resolutions of the AGM and the Board of Supervisors of the Parent Company

14.1. Corporate Governance Principles

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-1-2021](#) (ENG: [EBI-1-2021](#)) dated on 11th of May 2021 a report on the activities of the Supervisory Board of Comarch S.A. for the period from 1st of January, 2020 to 31st of December, 2020, 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.

According to the detailed rule No. II.Z.11. included in Part II of "the Code of Best Practice for WSE Listed Companies 2016" the Management Board of Comarch S.A. informed in the current report no. [EBI-2-2021](#) (ENG: [EBI-2-2021](#)) on the 18th of May, 2021 that by virtue of Resolution No. 10/05/2021 of 18th of May, 2021, the Supervisory Board of Comarch S.A. gave positive opinion on the draft resolutions of the Ordinary General Meeting of Shareholders of the Company, which will be held on the 24th of June, 2021.

14.2. Annual General Meeting – 24th of June 2020

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

On the 26th of May, 2020, pursuant to article 395, 399 § 1, article 402 with index 1 and 402 with index 2 of the Code of Commercial Companies and Partnerships, and pursuant to article 14 of the Company's Statute, the Management Board of Comarch S.A. convened the Annual General Shareholders' Meeting of Comarch S.A., to be held at 10:00 o'clock on the 24th of June, 2020, at ul. Prof. Michała Życzkowskiego 33 in Krakow, Poland. Agenda of the meeting and projects of resolutions to be presented on AGM, and their grounds, were also published on that day. Pursuant to art. 402 with index 2 of the Code of Commercial Companies and Partnerships, the Company's Management Board has presented information on participation in the Company's General Meeting, including:

- Shareholder's right to demand the inclusion of specific issues in the agenda of the nearest General Meeting,
- A shareholder's right to introduce projects of resolutions,
- Method of exercising the right to vote by proxy,
- The possibility and the method of participating in the General Meeting using means of electronic communication,
- The method of giving one's opinion during the General Meeting using means of electronic communication,
- The method of exercising a voting right in by correspondence or by using means of electronic communication,
- Date of registration for participation in the General Meeting: 8th of June, 2020,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address,
- Other information,
- Information clause regarding the processing of personal data in connection with the organization and participation in the General Meeting.

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

b) Content of the Resolutions Passed at the AGM

The AGM passed the resolutions related to:

- election of Chairman of the General Meeting;
- removing from the agenda of the meeting the point regarding the election of the Returns Committee;
- passing the agenda of the meeting;
- approving the Company financial statement for the fiscal year 1.01.2019 - 31.12.2019;
- approving the report of the Management Board regarding the activities of the Company in 2019;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2019 - 31.12.2019;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2019;
- approving the reports of the Company's Board of Supervisors on the activities of the Board of Supervisors and the assessment of the Company's and Comarch Capital Group's situation, from the audit of the Comarch S.A.'s financial statement and report of Management Board regarding the activities of the Company in 2019 and from the audit of the consolidated financial statements and report of Management Board regarding the activities of capital group in 2019;
- distribution of the Company's net profit for the fiscal year 1.01.2019 - 31.12.2019;

- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2019 - 31.12.2019;
- adopting the remuneration policy for Comarch S.A.'s Management Board and Supervisory Board;
- adopting rules for the Supervisory Board;
- amendment to the Company's Articles of Association.

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

c) Resolution of the AGM Regarding Dividend for 2019

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

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

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

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

Accordingly, to the list of shareholders participating the Annual General Meeting of Comarch S.A. on the 24th of June, 2020, Elżbieta Filipiak, Janusz Filipiak and Nationale-Nederlanden Otwarty Fundusz Emerytalny represented by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne Spółka Akcyjna held at least 5% of the total number of votes represented at this Meeting:

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

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

15. Operations on Comarch S.A. Shares

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

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

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

On the 19th of December, 2020, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities (Zbigniew Rymarczyk) 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 purchase of 462 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 186.00 per 1 share, which value amounted to PLN 85,932, on the 18th of December, 2020. The company announced details in current report no. [RB-16-2020](#) (ENG: [RB-16-2020](#)) dated the 20th of December, 2020.

AFTER THE BALANCE SHEET DATE

None present.

15.2. Managerial Option Program for Members of the Management Board

None present.

16. Transactions on Shares of Subsidiaries and Associates of Comarch S.A.

None present except for those mentioned in point [20.3](#) of the statement.

AFTER THE BALANCE SHEET DATE

None present except for those mentioned in point [20.4](#) of the statement.

17. Other Events in 2020 and after the Balance Sheet Date

17.1. Dates of Periodical Financial Reports in 2020

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report no. [RB-1-2021](#) (ENG: [RB-1-2021](#)) dated the 3rd of January, 2020, Comarch S.A. Management Board presented terms of periodical financial reports in 2020.

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

In reference to the recommendations of the European Securities and Markets Authority and the Polish Financial Supervision Authority of the 12th of March, 2020, the Management Board of Comarch S.A. in the current report no. [RB-5-2020](#) (ENG: [RB-5-2020](#)) dated 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 Comarch 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 Comarch 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 Comarch 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 Comarch Group notes that the activities of the Comarch Group are very well diversified in terms of industry, products and geography, and the effects of a pandemic do not currently pose a threat to the financial stability of the company. At present, the Management Board of the Comarch Group has not diagnosed significant disruptions in the implementation of existing contracts or significant disruptions in the supply chains of products and materials necessary for the Comarch Group's operations.

During the epidemic, i.e. in the second, third and fourth quarter of 2020, there was no decrease in revenue from sales of services and products offered by the Comarch Group. The operating activity of the Comarch Group and the financial results achieved in the coming periods will be influenced by factors such as: the duration and extent of the epidemic, the number of people suffering from COVID-19, further administrative restrictions in the functioning of states and entrepreneurs, restrictions in the movement of workers, the possibility of using aid packages launched by individual countries, as well as, the volatility of exchange rates occurring in connection with the pandemic.

17.3. The Management Board Statement regarding the Corporate Governance Principles

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

17.4. Registration of Changes in the Statute of Comarch S.A. by the Court

On the 11th of September, 2020, the Management Board of Comarch S.A. informed in the current report no. [RB-14-2020](#) (ENG: [RB-14-2020](#)) registration on 1st of September, 2020 by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register of changes in the Company's Articles of Association adopted by the General Meeting on the 24th of June, 2020, by resolution no. 30.

1. In Art. 15 of the Articles of Association point 14) was given the following wording: „14) Passing other resolutions referred to in the Code of Commercial Companies and Partnerships reserved for the exclusive competence of the General Meeting,”

2. In Art. 15 of the Articles of Association after point 14) points 15) and 16) has been added as follows: „15) adopting the remuneration policy for members of the Management Board and Supervisory Board, 16) adopting resolutions giving opinions on the remuneration report.”

3. Art. 18 of the Articles of Association was given a new, following wording:

„1. General Shareholders' Meeting shall appoint from among members of the Supervisory Board the Chairperson, the Vice Chairperson, and also the Secretary of the Supervisory Board, as needed.

2. Resolutions of the Supervisory Board are passed with majority of present votes and in the case of meetings taking place using means of direct remote communication - by a majority of votes attending the meeting. In case of the equal number of votes, the vote of the Chairperson is decisive.

3. Any resolution of the Supervisory Board is passed valid if all members of the Supervisory Board have been invited to its session and more than half of members of the Supervisory Board participate in the session, including the Chairperson or the Vice Chairperson of the Board.

4. Any session of the Supervisory Board may also be held with means of direct remote communication, in particular in the form of teleconference, video conference, using electronic mail, the Internet or other available means of electronic communication. If this is the case, it is assumed that the place of the session and of preparing the minutes is the office of the Company.

5. Resolutions of the Supervisory Board may also be adopted without holding a meeting by voting in writing or using means of direct remote communication.

6. Resolutions adopted at the meeting which takes place in accordance with section 4 or in the manner and in the mode described in section 5 shall be valid if all members of the Supervisory Board have been notified of the content of the draft resolution and at least half of the members of the Supervisory Board, including the Chairman or Vice-Chairman of the Board, took part in adopting the resolution.

7. Members of the Board execute their duties in person.

8. Members of the Supervisory Board may participate in passing resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board. Casting the vote in writing may not concern matters placed on the agenda at the meeting of the Supervisory Board.

9. Members of the Board are remunerated for their activities following the principles set forth by the General Meeting.

10. Organisation of the Supervisory Board and the procedure for executing its activities are defined by the regulations set forth by the General Meeting."

4. In art. 19 section 2 of the Articles of Association point 5) was given the following wording: „5) selecting an audit firm authorized to audit the Company's financial statements,"

5. In art. 19 section 2 of the Articles of Association point 8) was given the following wording: „8) preparing an annual report on the remuneration of the Company's Management Board and Supervisory Board,"

6. In art. 20 of the Articles of Association, after section 4, new sections 5 and 6 has been added as follows:

„5. The Management Board's meeting may also be attended by means of direct remote communication.

6. The Management Board may adopt resolutions in writing or by using means of direct remote communication."

AFTER THE BALANCE SHEET DATE

17.5. Dates of Periodical Financial Reports in 2021

On the 7th of January, 2021, in the current report no. [RB-1-2021](#) (ENG: [RB-1-2021](#)) Comarch S.A.'s Management Board set dates of periodical financial reports in 2021:

- Q4 2020 - on 1st of March, 2021
- Q1 2021 - on 21st of May, 2021
- Q2 2021 - 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 2021
- Q3 2021 - on 17th of November, 2021.
- Annual report for 2020 - on 30th of April, 2021
- Consolidated annual report for 2019 - on 30th of April, 2021
- Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2021 - on 31st of August, 2021.

17.6. Forward Contracts Concluded after the Balance Sheet Date

Comarch S.A. in the period from 1st of January, 2021 to 30th of April, 2021, concluded new forward contracts for the sales of EUR 14,800 thousand, USD 11,000 thousand, JPY 100,000 thousand, GBP 3,200 thousand and NZD 3,000 thousand. The net value of forward contracts unsettled as at 29th of April, 2021 amounted to EUR 74,900 thousand, USD 19,500 thousand, JPY 100,000 thousand, GBP 3,200 thousand and NZD 3,000 thousand. Forward contracts are due within 44 months from the balance

sheet date. All forward contracts were concluded in order to limit the impact of currency exchange rate changes on the financial result related to commercial contracts implemented by the companies of the Comarch Group, where the remuneration or costs are determined in foreign currencies. Balance sheet valuation of forward contracts as at 31st of March, 2021 was minus PLN 9,200 thousand, while as at 31st of December, 2020 it was minus PLN 3,243 thousand. Such a large change in the value of the balance sheet valuation of forward contracts within the first quarter of 2021 was caused by a significant depreciation of the PLN exchange rate against major foreign currencies.

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

The strategic development directions in the Comarch Group are:

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

19. Achievements within Research and Development

Globalisation of world economy, as well as liberalisation of trade, result in disappearance of barriers for companies and their products. The IT market becomes an open and global market where prices and quality of available products are continuously compared against each other. Along with increase in the presence of foreign capital in Poland, even IT companies conducting operations solely in the Polish market must offer competitive products from the point of view of the global market. Comarch, since the very beginning of its operations, has had reputation of a technological Company developing and successfully selling products competitive internationally. Therefore, the main strategic objectives of the Company are still development of new competitive products to enable further development of Comarch and, as a result, increasing its value. Maintaining dynamics of sales requires expenditures for development of products as well as their proper promotion and marketing. This applies to both modifications of already existing products and technologies as well as developing new products.

The present policy of Comarch assumes running research and development work related to implementation of new products and standardisation of products from the very beginning of their preparation for the client. Thus, even in cases when a product was developed for the needs of a particular client, a part or whole of software / code may be then used for preparation of a standard product. This results in higher profitability of particular contracts and expansion of the client base. Expenses for research and development works amounted to PLN 263,666 thousand, thus reached 17.2% of revenue in 2020. Comarch allocated their internal funds, as well as acquired actively European funds.

Comarch S.A.

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



Fundusze Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



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



Komisja Europejska

Comarch Healthcare S.A.

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



Fundusze Europejskie
Program Regionalny



Rzeczpospolita Polska

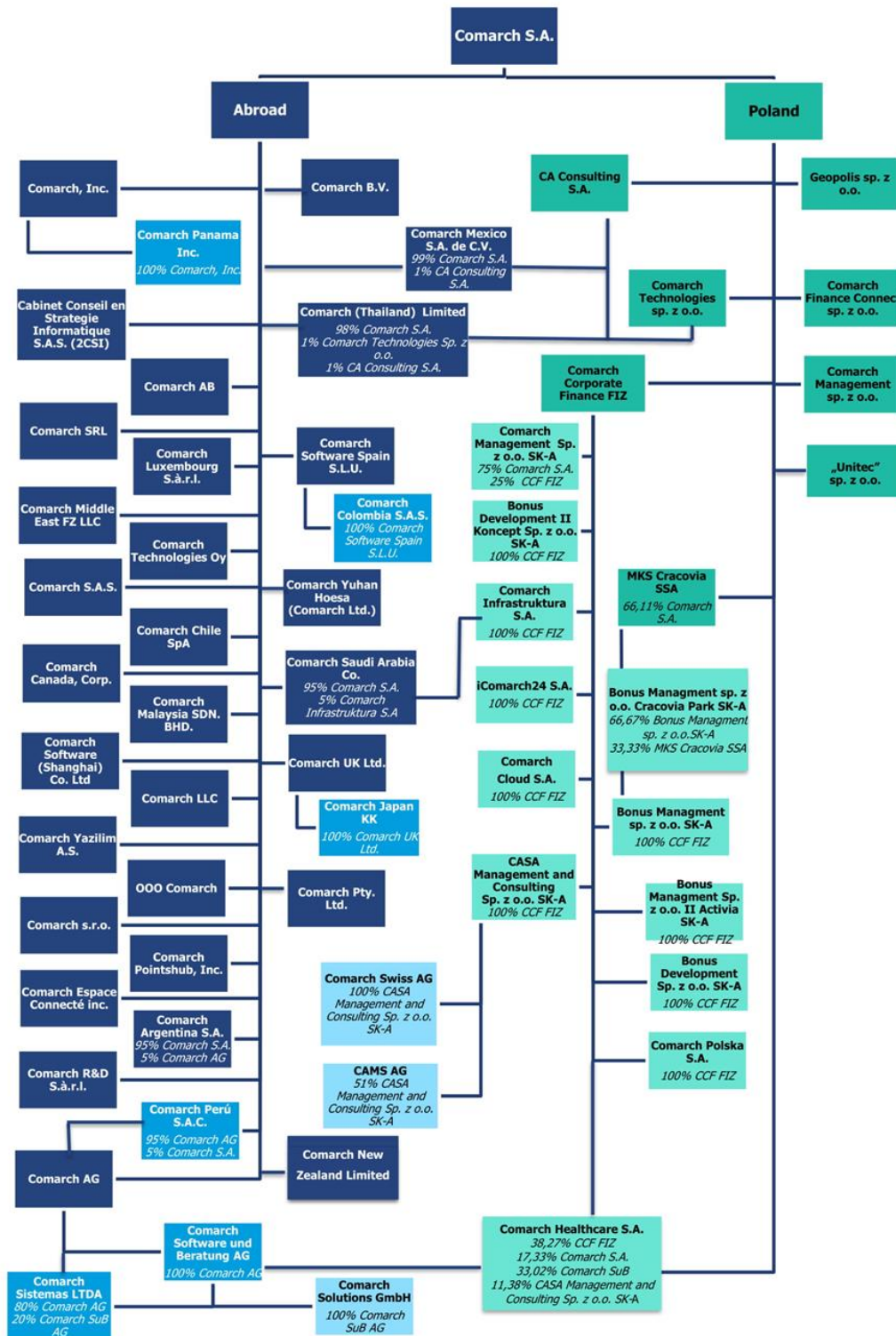


Unia Europejska
Europejski Fundusz Społeczny



20. Capital Affiliations of the Issuer

20.1. Capital Structure of the Comarch Group



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

20.2. Characteristics of Companies in the Comarch Group

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

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them,
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., Comarch Pty. LTD, Comarch Software (Shanghai) Co. Ltd, Comarch New Zealand LTD and LLC „Comarch Software” acquire IT contracts in foreign markets and execute them in their entirety or in part,
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG,
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- CABINET CONSEIL EN STRATEGIE INFORMATIQUE S. A. S. provides IT solutions and services for medical entities on the French market,
- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part,
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software,
- CA Consulting S.A. specialises in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor,
- Comarch Cloud S.A., acquire IT contracts in domestic markets and execute them in their entirety or in part,
- Comarch Finance Connect sp. z o.o. is not currently operating, it is conducting proceedings to obtain an entry in the register of payment service providers and electronic money publishers,
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market,
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A and Bonus Management sp. z o.o. II Activia SK-A, Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT,
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates,
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine
- Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing,
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group,

- Geopolis sp. z o.o. does not operate, in January, 2021, a petition for bankruptcy has been filed,
- 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,
- Wszystko.pl sp. z o.o. does not operate, it is preparing to launch an e-commerce portal under the name Wszystko.pl,
- Companies Comarch s.r.o., Comarch Espace Connecté Inc. and CAMS AG are currently not operating.

Below there are the capital and ownership data of companies as at the date of publication of the report for 2020.

PARENT COMPANY

Company: **Comarch Spółka Akcyjna COMARCH**
 Company's address: 31-864 Kraków, Aleja Jana Pawła II 39 a
 Regon (Polish National Official Register of Business Entities): 350527377
 NIP (POLISH IDENTIFICATION TAX NUMBER): 677-00-65-406

The Parent Company - shares of the company are admitted to trading in the Warsaw Stock Exchange and are held, according to the knowledge of the company as at the date of preparation of this report, by Janusz Filipiak (24.55% of shares), Elżbieta Filipiak (10.40% of shares), members of the Management Board (1.05%).

The company has branches in the following cities: Tirana (Albania), Białystok, Bielsko-Biała, Częstochowa, Gdańsk, Gliwice, Katowice, Kielce, Kraków, Lublin, Łódź, Opole, Płock, Poznań, Rzeszów, Tarnów, Toruń, Warszawa, Włocławek, Wrocław and Zielona Góra.

SUBSIDIARIES

Company: **Comarch AG COMARCH**
 Company's address: Chemnitzer Str. 59b, 01187 Dresden, Germany
 VAT ID: DE 206 522075

The company's share capital is EUR 15,000,000.00. It consists of 15,000,000 ordinary bearers' shares of nominal value of EUR 1 each, held by Comarch S.A. Total number of votes resulting from Comarch AG shares amounts to 15,000,000. Comarch S.A. holds 100% shares and votes at the company's general annual meeting. The company's business is the sale and implementation of IT solutions Comarch on the DACH market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch AG is Comarch S.A.'s subsidiary.

Company: **Comarch Software und Beratung AG COMARCH**
 Address: Riesstr. 16, 80992 Munich, Germany
 VAT ID: DE129457436

Comarch AG holds 6,213,072 shares of Comarch SuB, which constitute 100% of the company's share capital. This gives 6,213,072, i.e. 100% share of the total votes at the company's annual general meeting. The company is active on the IT market, mostly in Germany and Austria, offering its products and services to three business segments: ERP, finance and integration of systems for medium sized enterprises. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch SuB is Comarch S.A.'s subsidiary (through Comarch AG).

Company: **Comarch Solutions GmbH COMARCH**
 Address: Innsbruck - Müllerstr. 1, 6020 Innsbruck, Austria
 VAT ID: ATU46234800

The company's share capital is EUR 50,000.00. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Solutions GmbH is Comarch S.A.'s subsidiary (through Comarch Software und Beratung AG)

Company: **Comarch SAS COMARCH**
Address: 17 rue Paul Langevin, 59260 Lezennes, France
VAT ID: FR 20500252606

Comarch S.A. holds 100% of Comarch SAS shares, that constitute 100% of the share capital and 100% of votes at the meeting of shareholders. The share capital of Comarch SAS amounts to EUR 4,000,000. The company's business is the sale and implementation of Comarch IT solutions in the French-speaking market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch SAS is a subsidiary of Comarch S.A.

Company: **Comarch R&D Sàrl COMARCH**
Address: 82 Allée Galilée, 38330 Montbonnot-Saint-Martin, France
VAT ID: FR 69507984557

From the 10th of December, 2015, Comarch S.A. holds 100% of shares in Comarch R&D SARL, representing 100% of the share capital and 100% votes at the shareholders meeting. The share capital of Comarch R&D S.à r.l. amounts to EUR 7,500 and consists of 750 shares of nominal value of EUR 10 each. The business of Comarch R&D S.à r.l. is sales and implementation of Comarch IT solutions in the French-speaking market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch R&D S.à r.l. is a subsidiary of Comarch S.A.

Company: **Cabinet Conseil en Strategie Informatique SAS (2 C.S.I.)**
Address: 8 Avenue du Ponceau, 95000 Cergy, France
VAT ID: FR 32393832746

From 23rd of April, 2020, Comarch S.A. holds 100% of the shares of Cabinet Conseil en Strategie Informatique SAS (2 C.S.I.), representing 100% of the share capital and 100% of votes at the shareholders' meeting. The share capital of Cabinet Conseil en Strategie Informatique SAS (2 C.S.I.) amounts to EUR 500,000 and consists of 500,000 shares with a nominal value of EUR 1 each. The company's core business is to provide IT solutions and services for medical entities on the French market. Pursuant to the Accounting Act of 29th of September, 1994, Cabinet Conseil en Strategie Informatique SAS (2 C.S.I.) is a subsidiary of Comarch S.A.

Company: **Comarch Luxembourg S.à r.l COMARCH**
Address: 63-65, rue de Merl, L-2146 Luxembourg
VAT ID: LU24700126

Comarch S.A. holds 100% shares of Comarch Luxembourg S.à r.l., that constitute 100% of the share capital and 100% of votes at the meeting of shareholders. The share capital of Comarch Luxembourg S.à r.l. amounts to EUR 500,000 (that is PLN 2,307,400) and consists of 500,000 shares of nominal value of EUR 1 each (PLN 4.61). Total number of votes at the company's general meeting amounts to 500,000. The subject matter of activities of Comarch Luxembourg S.à r.l. is sales and implementation of IT systems in Benelux countries. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Luxembourg S.à r.l. is Comarch S.A.'s subsidiary.

Company: **Comarch, Inc. COMARCH**
Address: 5600 N. River Rd. Suite 640 Rosemont, IL 60018, USA
VAT ID: 52-2207301

The company sells Comarch software and services in the markets of both Americas. The company's share capital is USD 40,000. Comarch S.A. holds 100% of interest in the company's share capital and 100% shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch, Inc. is Comarch S.A.'s subsidiary.

Company: **Comarch Pointshub, Inc. COMARCH**
Address: 9450 W. Bryn Mawr Ave Suite 325 Rosemont, IL 60018, USA
VAT ID: 47-4563861

The subject matter of activities of Comarch Pointshub, Inc. are investment activities on capital and IT market. The company's share capital is USD 8,500,000. Comarch S.A. holds 100% of interest in the company's share capital and 100% shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch, Pointshub, Inc. is Comarch S.A.'s subsidiary.

Company: **Comarch Panama, Inc. COMARCH**
Address: Vía Ricardo J. Alfaro, P.H. The Century Tower, Oficina 721, Piso 7, Panama City, Panama
Telephone/fax: +507 263 25 69
VAT ID: RUC 698712-1-468218 DV95

The company's share capital is USD 360,000 and is divided into 360,000 shares of nominal value of USD 1 each. The company sells and implements Comarch IT systems in the Central and Southern America market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Panama, Inc. is Comarch S.A.'s subsidiary (through Comarch, Inc.).

Company: **Comarch Sistemas LTDA COMARCH**
Address: Avenida Roque Petroni Junior, No. 1089, set 1011, 1013, 1015, 1017, Vila Gertrudes, Jardim das Acacias, zip code 04707-000, City and State of São Paulo, Brazil
VAT ID: 20.035.102/0001-50

The company's share capital is BRL 1,000,000 and is divided into 1,000,000 shares of nominal value of BRL 1 each (as at the 31st of December, 2020, BRL 1 as at is worth PLN 0.7236). Comarch AG holds 80% of Comarch Sistemas LTDA shares and Comarch Software und Beratung AG holds remaining 20% of Comarch Sistemas LTDA shares. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Sistemas LTDA is Comarch S.A.'s subsidiary (through Comarch Software und Beratung AG).

Company: **Comarch Canada, Corp. COMARCH**
Address: P.O Box 7289, Stn. « A », 44 Chipman Hill , Suite 1000, Saint John, N.B., E2L 2A9, Canada
VAT ID: GST/HST 81055 8403 RT0001

The company's share capital is CAD 50,000 and is divided into 50,000 shares of nominal value of CAD 1 each (as at the 31st of December, 2020, CAD 1 is worth PLN 2.9477). Comarch S.A. holds 100% of shares and votes of the company. The company sells and implements Comarch IT systems in Canada. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Canada, Corp. is Comarch S.A.'s subsidiary.

Company: **Comarch Espace Connecté Inc. COMARCH**
Address: 1000-1255 rue Peel Montréal (Québec) H3B2T9, Canada
VAT ID: 12 2264 3674 TQ0001

The company's share capital is CAD 400,000 and is divided into 400,000 registered shares of nominal value of CAD 1 each (as at 31st of December, 2020, CAD 1 is 2.9477 PLN). The sole shareholder of Comarch Espace Connecté Inc. is Comarch S.A. Currently, the company does not operate.

Company: **Comarch Middle East FZ-LLC COMARCH**
Address: Dubai Internet City, Building no 17, Office 158, PO. Box 500824 Dubai,

Register number: UAE
VAT ID: 19879
100296100900003

The company's share capital is AED 200,000 and is divided into 200 shares of AED 1,000 each (as at the 31st of December, 2020, AED 1 is worth PLN 1.0054). Comarch S.A. acquired all the shares for cash at nominal value. The company sells and implements Comarch products in the Middle East and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Middle-East FZ-LLC is Comarch S.A.'s subsidiary.

Company: **Comarch Malaysia SDN. BHD. COMARCH**
Address: Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250
Kuala Lumpur
VAT ID: W10-1901-32000018

The company's share capital is MYR 500,000 (as at the 31st of December, 2020, MYR 1 is worth PLN 0.9343). Comarch S.A. owns 100% share in the share capital, which entitle to 100% votes at the AGM. The company's business is the sale and implementation of Comarch IT solutions in the Asian market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Malaysia SDN.BHD. is Comarch S.A.'s subsidiary.

Company: **Comarch Software Spain S.L.U. COMARCH**
Address: Calle Caléndula, 93, Miniparc III Edificio F, 1^a planta, Alcobendas
28109, Madrid, Spain
VAT ID: B87128849

The company's share capital is EUR 1,100,000 and is divided into 110,000 shares of nominal value of EUR 10 each. Comarch S.A. holds 100% of shares in the company's share capital and 100% votes at the AGM of the company. The company's business is the sale and implementation of Comarch IT solutions in the Spanish-speaking markets. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Software Spain S.L.U. is Comarch S.A.'s subsidiary.

Company: **Comarch Yazilim A.S. COMARCH**
Address: Matbuat Sok. Durukan Apt. No:17/6 Esentepe, Şişli/ Istanbul, Turkey
VAT ID: 2110683747

The company's share capital is TRY 600,000 (as at the 31st of December, 2020, TRY 1 is worth PLN 0.5029) and is divided into 600,000 shares of nominal value of TRY 1 each. The sole shareholder of the company is Comarch S.A. The company's business is the sale and implementation of Comarch IT solutions in the Turkish market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Yazilim A.S. is Comarch S.A.'s subsidiary.

Company: **Comarch S.R.L. COMARCH**
Address: Via Luigi Galvani 24, 20124 Milano, Italy
VAT ID: 08967390967

The company's share capital is EUR 2,000,000. Comarch S.A. holds 100% of the company's shares. The company's business is the sale and implementation of Comarch IT solutions in the Italian market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch S.R.L. is Comarch S.A.'s subsidiary.

Company: **Comarch LLC COMARCH**
Address: Henerala Almazova 18/7, 01133 Kyiv, Ukraine
VAT ID: 329182826556

The company's share capital is UAH 20,500 (as at the 31st of December, 2020, UAH 1 is worth PLN 0.1326). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The registered company is a one-person limited liability company. It sells and implements Comarch products in Ukraine and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch LLC is Comarch S.A.'s subsidiary.

Company: **OOO Comarch COMARCH**
Address: Petrovka St., 27, floor 5 room I office 1, 107031 Moscow, Russian Federation
VAT ID: INN/KPP 7704545099/770701001

The company's share capital is worth RUB 1,200,000 and it corresponds to 1 share at nominal value of RUB 1,200,000 (as at the 31st of December, 2020, RUB 1 is worth PLN 0.0501). The company's share capital was paid in total in cash. The company sells and implements Comarch products in Russia and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, OOO Comarch is Comarch S.A.'s subsidiary.

Company: **Comarch Software (Shanghai) Co., Ltd. COMARCH**
Address: Room 3610-2, Block 11, No.3855 Shangnan Road Pudong New Area, Shanghai, People's Republic of China
VAT ID: 91310115690128967A

The company's share capital is worth USD 200,000 and Comarch S.A. holds it in total. The company resumed operating activities in 2017. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Software (Shanghai) Co. Ltd. is Comarch S.A.'s subsidiary.

Company: **Comarch Technologies Oy COMARCH**
Address: Vapaalantie 2 B 20, 01650 Vantaa, Finland
VAT ID: FI23730145

The company's share capital is worth EUR 50,000 and is divided into 50,000 shares of nominal value of EUR 1. Total number of votes resulting from all company's shares amounts to 50,000. Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the Finnish market. Pursuant to the Act on Accounting dated 29th of September, 1994, Comarch Technologies Oy is Comarch S.A.'s subsidiary.

Company: **Comarch UK Ltd COMARCH**
Address: Terminal House, 52 Grosvenor Gardens, London, England, SW1W 0AU, Great Britain
VAT ID: GB 133 0821 52

The company's share capital is GBP 50,000. Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions on a British market Pursuant to the Act on Accounting dated 29th of September, 1994, Comarch UK is Comarch S.A.'s subsidiary.

Company: **Comarch Chile SpA COMARCH**
Address: Calle Bucarest 150, oficina 402, 7500000 Providencia, Santiago de Chile, Chile
VAT ID: 76.296.232-2

The company's share capital is CLP 161 million (as at the 31st of December, 2020, CLP 100 is worth PLN 0.5290). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the South American market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Chile SpA is Comarch S.A.'s subsidiary.

Company: **Comarch AB COMARCH**
Address: C/o Bobowski, Flygfältsgatan 1, 128 30 Skarpnäck, Sweden
VAT ID: SE559018956801

The company's share capital is SEK 50,000 (as at the 31st of December, 2020, SEK 1 is worth PLN 0.4598). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the Swedish market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch AB is Comarch S.A.'s subsidiary.

Company: **Comarch Argentina S.A. COMARCH**
Address: Suipacha 1380, 2° Floor, Buenos Aires, Argentina
CUIT: 30-71425465-7

The company's share capital is ARS 3,298,195 (as at the 31st of December, 2020, ARS 1 is worth PLN 0.0440). Comarch S.A. holds 95% of the company's shares that entitle to 95% votes and Comarch AG holds remaining 5% of Comarch Argentina S.A. shares. The company's business is the sale and implementation of Comarch IT solutions in the Argentinean market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Argentina S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch, s.r.o. COMARCH**
Address: Sumbalova 1a 841 04 Bratislava, Slovakia
VAT ID: SK2020070558

The company's share capital is EUR 149,372.63. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch s.r.o. is Comarch S.A.'s subsidiary. Currently, the company does not operate.

Company: **Comarch Swiss AG COMARCH**
Address: Grabenstrasse 2/4, 9320 Arbon, Switzerland
VAT ID: CHE-107.411.497

The company's share capital is CHF 300,000 and is divided into 300 registered shares of nominal value of CHF 1,000 each (as at the 31st of December, 2020, CHF 1 is worth PLN 4.2641). They entitle to 300 votes at the general meeting. 100% of the company's shares were held by Casa Management and Consulting sp. z o.o. SKA. The company sells the Comarch Group's products in Switzerland. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Swiss AG is Comarch S.A.'s subsidiary (through CCF FIZ and CASA Management and Consulting sp. z o.o. SKA).

Company: **CAMS AG COMARCH**
Address: Luzern Mühlemattstraße 8, 6004 Luzern, Switzerland
VAT ID: CHE-273.360.056

The company's share capital is CHF 100,000 and is divided into 1,000 registered shares of nominal value of CHF 100 each (as at the 31st of December, 2020, 1 CHF is worth PLN 4.2641). They entitle to 1,000 votes at the general meeting. 51% of the company's shares were held by Casa Management and Consulting sp. z o.o. SKA. Pursuant to the Act on Accounting dated the 29th of September, 1994, CAMS AG is Comarch S.A.'s subsidiary (through CCF FIZ and CASA Management and Consulting sp. z o.o. SKA).

Company: **Comarch Colombia S.A.S. COMARCH**
Address: Calle 72 NO 10-07 Of 603 Bogota D.C., Bogota, Colombia
VAT ID: NIT 900967807-1

The company's share capital is COP 3,192,063,000 (as at the 31st of December, 2020, COP 100 is worth PLN 0.1063). The company sells and implements Comarch IT systems in the Central and Southern America market. Comarch Software Spain S.L.U. holds 100% of the company's shares that entitle to

100% votes. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Colombia S.A.S. is Comarch S.A.'s subsidiary (through Comarch Software Spain S.L.U.).

Company: **Comarch Peru S.A.C. COMARCH**
Address: Av. República de Panamá 3420, Of. 1701, Lima, Perú
VAT ID: 20601740924

The company's share capital is PEN 1,599,831 (as at the 31st of December, 2020, PEN 1 is worth PLN 1.0206). Comarch AG holds 95% of the company's shares (1,520,000 of shares) and Comarch S.A. holds remaining 5% of the company's shares (79,831 of shares). The company sells and implements Comarch IT systems in the Central and Southern America market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Peru S.A.C. is Comarch S.A. subsidiary (in 95% through Comarch AG).

Company: **Comarch Saudi Arabia Limited Liability Company COMARCH**
Address: 1st Floor, The Plaza Complex, Olaya Street, Olaya, P.O. Box 84421, Riyadh 11671, Kingdom of Saudi Arabia
Licence no.: 310136756900003

The company's share capital is SAR 1,000,000 (as at the 31st of December, 2020, SAR 1 is worth PLN 0.9843). Comarch S.A. holds 95% of Comarch Saudi Arabia Co. shares and Comarch Infrastruktura S.A. holds remaining 5% of Comarch Saudi Arabia Co. shares. The company sells and implements Comarch IT systems in Kingdom of Saudi Arabia. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Saudi Arabia Co. is Comarch S.A.'s subsidiary.

Company: **Comarch Japan KK COMARCH**
Address: Level 28, Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo, Japan
VAT ID: 4010401132602

The company's share capital is JPY 15,000,000 (as at the 31st of December, 2020, JPY 100 is worth PLN 3.6484). Comarch UK Ltd holds 100% of Comarch Japan KK shares. The company sells and implements Comarch IT systems in Japan. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Japan KK is Comarch S.A.'s subsidiary (through Comarch UK Ltd).

Company: **Comarch Yuhan Hoesa (Comarch Ltd.) COMARCH**
Address: 603, 6F, Magok techno-tower Bldg. 63, Magokjungang 6-ro, Gangseo-gu, Seoul, South Korea
VAT ID: 110114-0229599

The company's share capital is KRW 100,000,000 and is divided into 10,000 registered shares of nominal value of KRW 10,000 each (as at the 31st of December, 2020, KRW 100 is worth PLN 0.3456). Comarch S.A. holds 10,000 of shares, i.e. 100% of votes in Comarch Yuhan Hoesa (Comarch Ltd.). Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Yuhan Hoesa is Comarch S.A.'s subsidiary.

Company: **Comarch (Thailand) Limited COMARCH**
Address: No.3, Promphan 3 Building, Unit No.1709-1710, 3 Ladprao Soi 3, Ladprao Rd., Chom Phon, Chatuchak Bangkok 10900, Thailand
Vat ID: 105560178291

The company's share capital is THB 18,500,000 worth THB 100 per 1 share (as at the 31st of December, 2020, THB 1 is worth PLN 0.1253). Comarch S.A. holds 98% of shares, Comarch Technologies Sp. z o.o. holds 1% of shares and CA Consulting S.A. holds 1% of shares of Comarch (Thailand) Limited.

Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch (Thailand) Limited is Comarch S.A.'s subsidiary.

Company: **Comarch BV COMARCH**
Address: Weena 505, 3013AL Rotterdam, Netherlands
VAT ID: NL859390457B01

The company's share capital is EUR 500,000 and is divided into 500,000 registered shares of nominal value of EUR 1 each. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch BV is Comarch S.A.'s subsidiary.

Company: **Comarch Mexico S.A. de C.V. COMARCH**
Address: Av. Viaducto Miguel Alemán 892 – 302, Colonia Nápoles, Alcaldía Benito Juárez, C.P. 03810, Ciudad de México, México
VAT ID: CME180416B94

The company's share capital is MXN 500,000 and is divided into 500 registered shares of nominal value of MXN 1,000 each (as at the 31st of December, 2020, MXN 1 is worth PLN 0.1892). Comarch S.A. holds 495 of shares, i.e. 99% of votes, and CA Consulting S.A. holds 5 of shares, i.e. 1% of votes of Comarch Mexico S.A. de C.V. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Mexico S.A. de S.V. is Comarch S.A.'s subsidiary.

Company: **Comarch Pty Ltd. COMARCH**
Address: Level 16, Tower 2 Darling Park, 201 Sussex Street, Sydney NSW 2000
GPO Box 1615, Sydney NSW 2001, Australia
GST ID: 87 633 619 422

The company's share capital is AUD 1,300,100 and is divided into 1,300,100 registered shares of nominal value of AUD 1 each (as at the 31st of December, 2020, AUD 1 is worth PLN 2.8950). Comarch S.A. holds 1,300,100 of shares, i.e. 100% of votes of Comarch Pty Ltd. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Pty Ltd. is Comarch S.A.'s subsidiary.

Company: **Comarch New Zealand Ltd. COMARCH**
Address: Baker Tilly Staples Rodway Auckland Limited, Level 9, 45 Queen Street, Auckland, 1010, New Zealand
GST ID: 133-169-954


The company's share capital is NZD 50,000 and is divided into 50,000 registered shares of nominal value of NZD 1 each (as at the 31st of December, 2020, 1 NZD is worth PLN 2.7132). Comarch S.A. holds 1,300,100 of shares, i.e. 100% of votes of Comarch New Zealand Ltd. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch New Zealand Ltd. is Comarch S.A.'s subsidiary.

Company: **LLC „Comarch Software” COMARCH**
Address: Dzherelna 28-B, 79007, Lvov, Ukraine
VAT ID: 439558113041

The company's share capital is PLN 14,000. Comarch S.A. holds 100% of votes of LLC „Comarch Software”. Pursuant to the Act on Accounting dated the 29th of September, 1994, LLC „Comarch Software” is Comarch S.A.'s subsidiary.

Company: **Comarch Technologies Sp. z o.o. COMARCH**
Address: 31-864 Kraków, Technologies
Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 300075359
NIP (POLISH IDENTIFICATION TAX NUMBER): 2090000305

The company's share capital is PLN 50,000 and is divided into 500 shares of PLN 100 each. They entitle to 500 votes at the company's annual general meeting. Comarch S.A. holds 100% shares which entitle to 100% votes at the company's annual general meeting. Comarch Technologies sp. o.o. is engaged in the development of secure solutions for end-to-end hardware and software for B2B customers. The basis for development is the experience gained in the field of prototyping, production and quality control of solutions in the area of consumer electronics and industries like automotive, medical and finance & banking. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Technologies sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **CA Consulting S.A.**  **CA CONSULTING**
Address: Al. Jerozolimskie 81, 02-001 Warszawa
Regon (Polish National Official Register of Business Entities): 356846563
NIP (POLISH IDENTIFICATION TAX NUMBER): 678-29-24-039

The company's share capital is PLN 1,050,000 and is divided into 5,250 shares at nominal value of PLN 200 each that give 5,250 votes. Comarch S.A. holds 100% of CA Consulting S.A. shares entitling to 100% votes at the AGM of the company. CA Consulting S.A. specialises in data communications relating to the provision of connections for the own needs of the Comarch Group, as well as the provision of IT and consulting services for Comarch's contractor. Pursuant to the Act on Accounting dated 29th of September, 1994, CA Consulting S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch Management spółka z o. o. COMARCH**
Address: Aleja Jana Pawła II 39 a, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120560832
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-13-76-192

The share capital of Comarch Management sp. z o.o. amounts to PLN 400,000 and consists of 4,000 shares of nominal value of PLN 100 each. They entitle to 4,000 votes. Comarch S.A. holds 100% of Comarch Management sp. z o.o. shares entitling to 100% of votes at the shareholders' meeting of the company. The subject matter of activities of Comarch Management sp. z o.o. are investment activities on capital and IT market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Management sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty (CCF FIZ) COMARCH**
Address: ul. Zabłocie 25 lok. 20, 30-701 Kraków
Regon (Polish National Official Register of Business Entities): 120576141
NIP (POLISH IDENTIFICATION TAX NUMBER): 106-00-01-334

Comarch S.A. holds four investment certificates of the fund, acquired within the frame of issuance of series A certificates for the issue price of PLN 250,000 each. The total purchase price of the acquired 4,000 investment certificates amounted to PLN 1,000,000. They constitute 100% of investment certificates issued by the fund and entitle to 100% of votes at meeting of the fund's investors. Comarch S.A. purchased the above-mentioned investment certificates from its own resources. CCF FIZ conducts an investment activity in the scope of new technologies and Internet services that are not Comarch S.A.'s basic activities.

Company: **Comarch Management Spółka z o. o. Spółka Komandytowo-Akcyjna COMARCH**
Address: Al. Jana Pawła II 39A, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120578542
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-13-76-542

The share capital of Comarch Management sp. z o. o. SKA amounts to PLN 170,110. CCF FIZ holds 8.82% of shares entitling to 25% of votes, Comarch S.A. holds 26.45% of shares entitling to 75% of

votes and 64.73% of shares were purchased by Comarch Management sp. z o.o. SKA for redemption. Shares purchased by Comarch Management spółka z o.o. SKA for redemption doesn't give any votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Management sp. z o.o. SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management Sp. z o.o. Spółka Komandytowo-Akcyjna**
COMARCH
Address: ul. Rynek Główny 15, 31-008 Kraków
Regon (Polish National Official Register of Business Entities): 120641766
NIP (POLISH IDENTIFICATION TAX NUMBER): 676-23-69-528

The company's share capital is PLN 2,879,401 and is divided into 2,876,401 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares which give 100% of votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management Sp. z o.o. II Activia Spółka Komandytowo-Akcyjna**
COMARCH
Address: al. Rynek Główny 15, 31-008 Kraków
Regon (Polish National Official Register of Business Entities): 121358009
NIP (POLISH IDENTIFICATION TAX NUMBER): 6762430883

The company's share capital is PLN 1,555,200 and is divided into 1,555,200 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares which give 100% of votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. II Activia SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management Sp. z o.o. Cracovia Park Spółka Komandytowo-Akcyjna**
COMARCH
Address: ul. Rynek Główny 15, 31-008 Kraków
Regon (Polish National Official Register of Business Entities): 123092610
NIP (POLISH IDENTIFICATION TAX NUMBER): 676-24-75-383

With the notarial deed of the 25th of March, 2014, Bonus Management sp. z o.o. Cracovia Park spółka komandytowo-akcyjna was established. Its share capital amounts to PLN 800,000 and is divided into 800,000 shares with nominal value of PLN 1 each. Bonus Management spółka z ograniczoną odpowiedzialnością SKA holds 50% of the share capital (66.67% of votes at the company's AGM) and MKS Cracovia SSA holds 50% of the share capital (33.33% of votes at the company's AGM). Bonus Management sp. z o. o. Cracovia Park SKA conducts investment activities in real estates and related to sports and recreation. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. Cracovia Park SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Development Sp. z o.o. Spółka Komandytowo-Akcyjna**
COMARCH
Address: ul. Rynek Główny 15, 31-008 Kraków
Regon (Polish National Official Register of Business Entities): 120637434
NIP (POLISH IDENTIFICATION TAX NUMBER): 676-23-68-121

The company's share capital is PLN 5,640,000 and is divided into 5,640,000 shares of nominal value of PLN 1. 50,000 preference series A shares entitle to 100,000 votes and 5,590,000 ordinary shares give 5,590,000 votes. CCF FIZ holds 100% of the company's shares entitling to 100% votes. Bonus Development sp. z o. o. SKA conducts real estate development activities and real estate management

in Comarch Group. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Development sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Development Sp. z o.o. II Koncept Spółka Komandytowo-Akcyjna COMARCH**
Address: ul. Rynek Główny 15, 31-008 Kraków
Regon (Polish National Official Register of Business Entities): 121376250
NIP (POLISH IDENTIFICATION TAX NUMBER): 6762432161

The company's share capital is PLN 101,263 and is divided into 101,263 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares entitling to 100% votes. Bonus Development sp. z o.o. II Koncept SK-A acts real estate development activities and real estate management in Comarch Group. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Development Sp. z o.o. II Koncept SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Healthcare S.A. COMARCH Healthcare**
Address: Aleja Jana Pawła II 39 a, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120652221
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-13-82-502

Comarch Healthcare S.A. was created from the merger of iMed24 S.A. and ESAProjekt sp. o.o. (registration in the National Court on the 1st of July, 2015). The company's share capital is PLN 12,114,806 and is divided into 12,114,806 shares of nominal value of PLN 1. These shares entitle to a total of 12,114,806 votes at the general meeting of shareholders. CCF FIZ holds 38.27% of the company's shares (38.27% of votes), Comarch S.A. holds 17.33% of the company's shares (17.33% of votes), Comarch Software und Beratung AG holds 33.02% of the company's shares (33.02% of votes) and CASA Management and Consulting sp. z o.o. SKA holds 11.38% of shares (11.38% of votes). The company is one of the leading Polish manufacturers and suppliers of comprehensive solutions for the health sector, conducts IT projects related to telemedicine, as well as owns the Medical Centre iMed24. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Healthcare S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch Polska S.A. COMARCH POLSKA SA**
Address: Aleja Jana Pawła II 39 a, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120705696
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-13-87-586

The company's share capital is PLN 500,000 and is divided into 5,000 shares of nominal value of PLN 100, entitling to 5,000 votes at the AGM. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Polska S.A. sells IT systems for public sector customers. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Polska S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Cloud S.A. COMARCH**
Address: Aleja Jana Pawła II 39 a, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120792583
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-14-02-274

The company's share capital is PLN 750,000 and is divided into 7,500 shares of nominal value of PLN 100, entitling to 7,500 votes at the AGM. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Cloud S.A. produces and implements new generation loyalty. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Cloud S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Infrastruktura S.A. COMARCH**
Address: Aleja Jana Pawła II 39 a, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120807830
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-14-03-084

The company's share capital is PLN 575,000 and is divided into 5,750 shares of nominal value of PLN 100, entitling to 5,750 votes. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Infrastruktura S.A. offers outsourcing of IT services. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Infrastruktura S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **iComarch24 S.A. iCOMARCH24.PL**
Address: Aleja Jana Pawła II 39 a, 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 120871348
NIP (POLISH IDENTIFICATION TAX NUMBER): 6751410687

The company's share capital is PLN 500,000 and is divided into 5,000 shares of nominal value of PLN 100, entitling to 5,000 votes. CCF FIZ holds 100% of the company's shares (100% of votes). The company provides accounting services for domestic subsidiaries of Comarch Group as well as manufactures and sells financial and accounting software in the Cloud model for small and medium-sized enterprises. Pursuant to the Act on Accounting dated the 29th of September, 1994, iComarch24 S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **CASA Management and Consulting Sp. z o.o. Spółka Komandytowo-Akcyjna COMARCH**
Address: ul. Szarskiego 18, 30-698 Kraków
Regon (Polish National Official Register of Business Entities): 121040023
NIP (POLISH IDENTIFICATION TAX NUMBER): 6793020643

The company's share capital is PLN 3,114,000 and is divided into 31,140 shares of nominal value of PLN 100, entitling to 31,140 votes. CCF FIZ holds 100% of the company's shares (100% of votes). CASA Management and Consulting sp. z o.o. SK-A conducts investment activity on capital market. Pursuant to the Act on Accounting dated the 29th of September, 1994, CASA Management and Consulting sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Geopolis Sp. z o.o. Geopolis**
Address: ul. Włocławska 167, 87-100 Toruń
Regon (Polish National Official Register of Business Entities): 146720793
NIP (POLISH IDENTIFICATION TAX NUMBER): 524-276-02-89

The company's share capital is PLN 450,000. Comarch S.A. holds 100% of Geopolis sp. z o.o. Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Pursuant to the Act on Accounting dated the 29th of September, 1994, Geopolis sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **Comarch Finance Connect Sp. z o. o. COMARCH**
Address: ul. prof. Michała Życzkowskiego 23 31-864 Kraków
Regon (Polish National Official Register of Business Entities): 122485307
NIP (POLISH IDENTIFICATION TAX NUMBER): 675-147-11-92

The share capital of Comarch Finance Connect Sp. z o. o. amounts to PLN 205,000 and is divided into 4,100 shares with a value of PLN 50 each, providing 4,100 votes. Comarch S.A. owns 100% of Comarch Finance Connect Sp. z o. o., which entitle to 100% of votes at the shareholders' meeting. Comarch Finance Connect Sp. z o.o. conducts proceedings to obtain an entry in the register of payment service

providers and electronic money issuers. In accordance with the Accounting Act of 29th of September, 1994, Comarch Finance Connect Sp. z o.o. is a subsidiary of Comarch S.A.

Company: **Wszystko.pl Sp. z o.o.**
 Address: ul. prof. Michała Życzkowskiego 29A, 31-864 Kraków
 Regon (Polish National Official Register of Business Entities): 140287102
 NIP (POLISH IDENTIFICATION TAX NUMBER): 951-216-11-13

The share capital of the company Wszystko.pl Sp. z o.o. amounts to PLN 60,000 and is divided into 100 shares with a nominal value of PLN 600 each, providing 100 votes. Comarch S.A. owns 100% of the shares of Wszystko.pl Sp. z o.o., which entitle to 100% of votes at the shareholders' meeting. Wszystko.pl Sp. z o.o. carries out IT activities. In accordance with the Accounting Act of 29th of September, 1994, everything.pl Sp. z o.o. is a subsidiary of Comarch S.A.


Company: **Miejski Klub Sportowy Cracovia Sportowa Spółka Akcyjna**



Address: ul. Kałuży 1, 30-111 Kraków
 Regon (Polish National Official Register of Business Entities): 351553230
 NIP (POLISH IDENTIFICATION TAX NUMBER): 677-20-79-476

The share capital of MKS Cracovia SSA is 21,840,100 PLN and is divided into 218,401 shares. Comarch S.A. holds 144,381 shares and 144,381 votes at the AGM of MKS Cracovia SSA that constitute 66.11% of the company's share capital. The company conducts sports activities. Pursuant to the Act on Accounting dated the 29th of September, 1994, MKS Cracovia SSA is Comarch S.A.'s subsidiary.

ASSOCIATES

Company: **SoInteractive S.A.** 
 Address: ul. prof. Michała Życzkowskiego 29, 31-864 Kraków
 Regon (Polish National Official Register of Business Entities): 120629191
 NIP (POLISH IDENTIFICATION TAX NUMBER): 676-23-66-843

The company's share capital is PLN 791,000 and is divided into 7,910 shares of nominal value of PLN 100, entitling to 12,420 votes. CCF FIZ holds 25.28% of the company's shares, which give 16.1% of votes. Bonus Management sp. z o.o. II Activia SKA holds 17.7% of the company's shares, which give 11.27% of votes. The Company's business is to create gamification solutions B2C, B2B and B2E and mechanisms of games and the Internet of Things. Pursuant to the Act on Accounting dated the 29th of September, 1994, SoInteractive S.A. is Comarch S.A.'s associate.

20.3. Changes in Ownership, Capital and Organisational Structure of the Comarch Group in 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). The above capital increase was registered.

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). The above capital increase was registered.

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).

On the 16th of April, 2020, an increase in share capital of Comarch SRL was registered.

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 (as of the publication of the current report).

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

On the 26th of November, 2020, a subsidiary company Comarch New Zealand LTD was registered in Auckland. The share capital of the company amounts to NZD 50,000 (i.e. PLN 135,660) and consists of 50,000 shares with nominal value of NZD 1 (i.e. PLN 2.71) each. Comarch S.A. owns 100% in share capital and votes of New Zealand LTD.

On the 2nd of December, 2020, the name of the company was changed from Opso Sp. z o.o. on Comarch Finance Connect Sp. z o.o.

On the 2nd of December, 2020, Comarch S.A. acquired 100% of shares in the company "Unitec" Sp. z o.o. The share capital of "Unitec" Sp. z o.o. amounts to PLN 60,000 and is divided into 100 shares with nominal value PLN 600 each. The total value of the transaction was PLN 1,000.

On the 31st of December, 2020, the share capital of Comarch SAS was increased by EUR 3,000,000 (i.e. PLN 13,844,400) to EUR 4,000,000 (i.e. PLN 18 459 200).

20.4. Changes in Ownership, Capital and Organisational Structure of the Comarch Group after the Balance Sheet Date

On the 21st of January, 2021, the Management Board of Geopolis Sp. z o.o. filed an application to the District Court for Toruń, The Fifth Economic Division, for bankruptcy including liquidation of the debtor's assets, i.e. the company. On the 16th of March, 2021, the District Court for Toruń, The Fifth Economic Division, after considering the case at the request of Geopolis sp. z o.o. in Toruń for bankruptcy, decided to secure the debtor's assets by appointing a temporary court supervisor.

On the 10th of March, 2021, the name of the company was changed from Unitec sp. z o.o. to Wszystko.pl sp. z o.o. and the change of the company's seat to Kraków.

On the 22nd of March, 2021, a subsidiary company LLC „Comarch Software” was registered in Lvov. The share capital of the company amounts to PLN 14,000. Comarch S.A. owns 100% in share capital and votes of LLC „Comarch Software”.

21. Non-business Activities of Comarch S.A.

21.1. The Scope of the Comarch S.A.'s Impact on the Environment

The Comarch S.A., due to the size of the company and the scope of its activity, exerts a significant influence on its environment, especially in the economic and social spheres. Sustainable development is one of the key foundations of the company's strategy from the very beginning.

Through its activities, the Comarch S.A. exerts particular influence on the following groups of stakeholders:

- **Employees** (full-time employees and co-workers, interns, apprentices, students and potential employees, employees of subcontractors and suppliers, labour inspection and other similar supervisory institutions),
- **Investors** (shareholders, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks, Polish Financial Supervision Authority, KDPW),
- **Customers** (institutional clients, individual clients, business partners, key suppliers, subcontractors, local self-government administration, government administration),
- **Society** (local communities within the Comarch Group's activity, residents, government and self-government authorities, media, including IT journalists and press, universities and research workers, technical and industry organizations),
- **Natural environment** (environmental organizations, recycling companies).

Comarch S.A. provides a detailed description of its impact in the annual report on non-financial information. In this document, the Company assesses the level of significance of aspects of its impact in management, environmental, social and employee areas, assigning to them performance indicators related to Comarch operations prepared in accordance with the guidelines of the Non-Financial Information Standard (SIN) developed by the Reporting Standards Foundation and the Association of Stock Exchange Issuers. The report identifies the principles and policies used by the Comarch Group in relation to social, labour, environmental, human rights and anti-corruption issues. The report also contains information on human resources broken down by age, sex, form and place of employment, as well as data on suppliers and recipients, and thus about processes used within the supply chain

On 30th of April, 2021, the Company has published on the website <https://www.comarch.pl/relacje-inwestorskie/raporty-okresowe/2020/> (ENG: [2020 | COMARCH SA](https://www.comarch.com/company/corporate-social-responsibility/)) Consolidated Non-Financial Data Report for 2020.

21.2. Description of the Conducted Policy in the Field of Sponsorship and Charity

From the beginning of its activity, Comarch has been extensively involved in social activities, in activities promoting sport and a healthy lifestyle, in environmental protection, in activities to support people in need and help animals, as well as is involved in science, education, culture and supporting local community initiatives. Detailed information on this subject can be found in the report on non-financial activities and in the report on corporate social responsibility (CSR), which is posted on the Internet at: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/csr/> (ENG: <https://www.comarch.com/company/corporate-social-responsibility/>)

The most important sponsorship and charity activities in individual areas of activity undertaken by the Comarch in 2020:

In the field of culture

- continuation of the cooperation with St. Mary's church in the project revitalization of the musical space in the church;
- Last Night of the Proms concert.

In the field of education and popularization of science

- support for the Inter-school IT Festival "Project worth 6", which has been organized for 15 years by the Upper-Secondary Schools of Communications in cooperation with the Mikromakro Institute Foundation and the Krakow Technology Park. Pupils from schools in Małopolska take part in the struggle, and the festival's goal is to promote young talents with IT interests;
- cooperation with schools, universities and other educational institutions by sharing knowledge by Comarch employees during various conferences and events, among others: business game implemented by the University of Parma, Room Room project for French doctors, career days in Poland and Belgium;
- popularization of knowledge about ERP systems and controlling among universities and vocational schools with economic profiles by granting Comarch ERP systems, meetings, seminars and trainings;

- creation of the Comarch Innovation Space, in which Comarch's technological achievements in the field of IT systems, telecommunications, the Internet of Things or artificial intelligence are presented;
- cooperation with the Polish Development Fund Foundation and the Central House of Technology in the field of popularization of the STEAM methodology, i.e. a trend in education developing interdisciplinary competences in the fields of technology, engineering, art and mathematics.

In terms of local communities and the natural environment

- involvement of employees in the blood donation campaign on the company's campus in Krakow, thanks to which it was possible to obtain a total of 18,800 ml of blood;
- organizing, in cooperation with MKS Cracovia SSA and Ekstraklasa SA, the Ekstra Talent tournament, an event aimed at youth aged 11-12, whose main goal is to promote physical activity as the best form of spending free time;
- promoting the European Football Week of Special Olympics during the match of the 5th round of the 2020/21 PKO BP Ekstraklasa season between Cracovia and Raków Częstochowa - the event was initiated by the organizer of the tournament in cooperation with Comarch to draw attention to the effort that people put into practicing sports intellectually disabled;
- joining, together with MKS Cracovia SSA, the Ekstrapomoc action, consisting in mutual promotion of fundraising for charity purposes and donating souvenirs for auctions by all teams participating in Ekstraklasa competitions;
- joining the Golden Ribbon campaign, the main goal of which was to raise funds for the treatment of cancer among children. With the use of Cracovia's social media, fundraising campaigns to fight cancer were promoted;
- joining the Movember campaign aimed at encouraging men to undergo preventive examinations;
- offering local service companies, most affected by the economic effects of the Covid-19 epidemic, free marketing and advertising support using Cracovia's communication channels;
- supporting Cracovia for the Krakow Family Card program by offering, inter alia, cheaper passes and tickets for the family sector, discounts at the Official Store of Cracovia and for visiting the stadium, and a dedicated offer for children participating in football activities of Cracovia Kids kindergartens.

In the field of sport and healthy lifestyle

For 25 years, Comarch has been involved in promoting sport among young people and residents of the Lesser Poland Voivodeship, mainly through sponsorship of the Cracovia sports club. Since 2003, the company has been the titular sponsor of the oldest existing football club in Poland, and the five-time Polish Champion - Cracovia, including the hockey section and until June 2020, she was a sponsor of the premier league football club OSC from Lille, France.

The company also promotes a healthy and active lifestyle among its employees. In Poland, Comarch encourages employees to cycle to work, providing bicycle infrastructure and occasional bicycle-related campaigns. The Comarch Group also encourages its employees to participate in external sports events, and the income from many of them is donated to social purposes.

Hockey players and Cracovia footballers are frequent guests in educational institutions, where, as part of the Cracovia KIDS project, they promote a healthy, sports lifestyle from an early age.

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

None present.

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

The Company has not published the results forecast for 2020.

24. Factors and Events of Unusual Nature that Affect the Group's Activities and the Achieved Results, as well as Their Appraisal

24.1. Deferred Tax Assets and Deferred Tax Provisions

During the 2020, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2019, and worth PLN 7,406 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 9,076 thousand. An asset due to tax loss was established in the amount of PLN 1,440 thousand, as well as dissolution due to the same title in the amount of PLN 674 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 2,436 thousand.

During the 2020, the Group settled an asset created for the zone operations in the amount of PLN 9,958 thousand which were created as at 31st of December, 2019 and at the same time created in the amount of PLN 8,384 thousand. 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.

Total changes in the asset resulted in an increase in result of PLN 862 thousand.

Due to valuation of net assets of CCF FIZ in 2020, a deferred tax provision was increased by PLN 20 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 4,185 thousand and dissolved in the amount of PLN 6,152 thousand. The total effect of the above-mentioned operations on the net result of 2020 was minus PLN 1,947 thousand.

Total changes in the deferred tax resulted in an increase in result of PLN 2,809 thousand.

24.2. 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 as at the 31st of December, 2020, increased revenue and operating profit of Comarch Group in 2020 by PLN 12,781 thousand. Negative realized foreign exchange rate differences and from the balance sheet valuation of trade liabilities in 2020 decreased the operating result by PLN 20,616 thousand (while the realized foreign exchange rate differences and the balance sheet valuation of exchange differences on receivables and liabilities as at 31st of December, 2019 increased the revenue and operating result of the Comarch Group by PLN 814 thousand).

Exchange rate differences from other activities decreased the result of Comarch Group by PLN 10,550 thousand (while in 12 months of 2019 decreased by PLN 2,816 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) with a deferred tax asset in reference to the valuation of the financial instruments decreased the Comarch Group's result by PLN 10,174 thousand (while in the corresponding period of 2019 increased by PLN 7,697 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 12 months of 2020 amounted to minus PLN 27,827 thousand (plus PLN 5,695 thousand in 12 months of 2019).

24.3. Creation of Write-Offs for Bad Debts

In the period of 12 months of 2020, the Comarch Group created impairment losses on trade receivables in the amount of PLN 41,921 thousand and dissolved previously created write-offs in the amount of PLN 38,813 thousand in connection with the payment of receivables. These operations were recognized in other operating costs and revenue in the profit and loss account, respectively.

25. Changes in Methods of Company Management and Its Capital Group Management

None present.

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

They were described in point [12](#) of the report.

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

On the 27th of May, 2019, the Management Board of Comarch S.A. informed that the Supervisory Board, acting pursuant to Art. 19 sec. 2 point 5) of the Articles of Association of the Company chose - as an entity authorized to audit the financial statements of the Company and the consolidated financial statements of the Comarch Capital Group - BDO Spółka z ograniczoną odpowiedzialnością sp. K., Ul. Postępu 12, 02-676 Warszawa (KRS 0000729684), and agreed to enter into agreements with this entity by Comarch S.A. in the scope of:

- a) review of the separate financial statements of Comarch S.A. and the consolidated financial statements of the Comarch Capital Group as at 30th of June, 2019;
- b) audit of the annual separate financial statements of Comarch S.A. and the annual consolidated financial statements of the Comarch Capital Group as at 31st of December 2019;
- c) review of the separate financial statements of Comarch S.A. and the consolidated financial statements of the Comarch Capital Group as at 30th of June, 2020;
- d) audit of the annual separate financial statements of Comarch S.A. and the annual consolidated financial statements of the Comarch Capital Group as at 31st of December, 2020.
- e) review of the separate financial statements of Comarch S.A. and the consolidated financial statements of the Comarch Capital Group as at 30th of June, 2021;
- f) audit of the annual separate financial statements of Comarch S.A. and the annual consolidated financial statements of the Comarch Capital Group as at 31st of December 2021.

The Company announced details in current report no. [RB-10-2019](#) (ENG: [RB-10-2019](#)), dated the 27th of May, 2019.

The total net remuneration due on account of reviewing the above-mentioned financial statements was as follows:

No.	Type of Services	Remuneration (net value)- paid	Remuneration (net value)- due
2020			
BDO sp. z o.o. sp. k.			
1	Obligatory audit of annual financial statements for 2020	PLN 50,000.00	PLN 80,000.00
2	Review of half-year financial statement for H1 2020 and agreed additional costs related to consolidation process	PLN 70,000.00	PLN 0.00
3	Additional services related to the audit of financial statements for 2020	PLN 0.00	PLN 32,000.00
4	Initial audit and audit of annual financial statements of Comarch Polska S.A. companies and Comarch Healthcare S.A. for 2020	PLN 16,000.00	PLN 20,000.00
AO BDO Yunikon			
1	Audit of the financial statements of OOO Comarch for 2020	RUB 0.00	RUB 580,000.00

2019**BDO sp. z o.o. sp. k.**

1	Obligatory audit of annual financial statements for 2019	PLN 130,000.00	PLN 0.00
	Review of half-year financial statement for H1		
2	2019 and agreed additional costs related to consolidation process	PLN 70,000.00	PLN 0.00
3	Other services for Comarch S.A.	PLN 0.00	PLN 0.00
	Audit of annual financial statements of CA Consulting SA, Comarch Polska S.A., Comarch Healthcare S.A., Comarch Technologies Sp. z		
4	o.o., Comarch Management Sp. z o.o S.K.A., Comarch Infrastruktura S.A., iComarch24 S.A., MKS Cracovia SSA, Comarch Pointshub S.A. for 2019	PLN 36,000.00	PLN 0.00

AO BDO Yunikon

1	Audit of the financial statements of OOO Comarch for 2019	RUB 550,000.00	RUB 0.00
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BDO Dr. Mohamed Al-Amri & Co

1	Audit of the financial statements of Comarch Saudi Arabia Limited Liability Company	SAR 35,000.00	0.00
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28. Systems that Control Employees Shares Programmes

None present.

29. Significant Legal, Arbitration or Administrative Proceedings Related to Liabilities or Receivables of the Issuer or a Subsidiary with an Indication of the Subject Matter of the Proceedings, the Value of the Matter of the dispute, the Date of Initiation of the Proceedings, the Parties to the Initiated Proceedings and the Issuer's Opinion on the Matter

None present.

Information on the potential total amount of third-party claims against the Comarch Group in connection with legal proceedings and matters in disputes, but not legal proceedings can be found in note [3.39](#) (ENG [3.39](#)) consolidated financial statements.

Krakow, 30th of April 2021

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

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REPORT OF COMARCH S.A.'s MANAGEMENT BOARD REGARDING THE ACCEPTANCE OF CORPORATE GOVERNANCE PRINCIPLES IN 2020

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

1. Corporate Governance Principles that Apply to an Issuer

Comarch S.A., a company listed on the Warsaw Stock Exchange, was in 2020 a subject to the corporate governance principles set out in the document "Best Practices of WSE Listed Companies 2016" (Annex to Resolution of the WSE Council No 26/1413/2015 of the 13th October 2015). The rules are available on the website https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf (https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf) which is the official website of the Warsaw Stock Exchange devoted to these issues.

The Best Practices include six sections:

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

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

On 29th of March, 2021, the Stock Exchange Supervisory Board, at the request of the Stock Exchange Management Board, adopted new corporate governance rules for companies listed on the WSE Main Market - "Best Practices of WSE Listed Companies 2021", which will enter into force on 1st of July, 2021.

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

a) Recommendations for Best Practices of Listed Companies

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

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

In 2020, the principle was applied in full by the Company. A shareholder could participate in the General Meeting and exercise the voting right personally or by proxy. The power of attorney to participate in the General Meeting and exercise voting rights could be granted in writing or in electronic form. Granting the power of attorney in an electronic form did not require safe electronic signature verified with the valid classified certificate. The company enabled voting by means of electronic communication and

participation in the General Meeting by means of electronic communication, it also ensured on-line broadcasts of General Meetings over the Internet and real-time bilateral communication. However, the company did not declare the constant application of this recommendation, and its full fulfilment depends, among others on the epidemiological situation occurring during the organization of the general meeting.

b) Detailed Principles for Best Practices of Listed Companies

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

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

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

3. Shareholders Holding Directly or Indirectly Significant Shares in Votes at the General Shareholders Meeting as at 30th of April, 2021

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janus Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	846,000	10.40	4,230,000	27.96
Other members of the Board	85,366	1.05	122,966	0.81
NN OFE + DFE	846,571	10.41	846,571	5.60
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,517,288	43.25	3,517,288	23.25
Total	8,133,349	100.00	15,126,949	100.00

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

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

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

None present.

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

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

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

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

a) Principles for Appointing and Dismissing

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

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

- The Management Board may appoint proxies;
- In 2020, President of the Management Board single-handedly or two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy are authorised for making statements on behalf of the Company and representing the Company in Court and off Court;
- In agreements between the Company and members of the Management Board and in disputes with them, the Company is represented by the Supervisory Board or by a proxy appointed with a resolution of the General Meeting. The Supervisory Board may authorise, by way of a resolution, one or more members of the Supervisory Board to perform such legal actions;
- The Management Board defines internal organisation of the Company;
- According to art. 445 and 446 of the Commercial Companies Code, the General Meeting passes a resolution on amendments to the statutes, providing for the authorisation for the management board to increase the share capital within the limits of the authorised capital. According to art. 9 sec. point 5 of the Comarch S.A.'s Articles of Association, within the target capital, the Management Board of the Company may issue shares only in conversion for cash contributions and may not issue preferential shares or allocate personal rights for the shareholder, referred to in Article 354 of the Code of Trade Companies. In the scope of all the issues related to increasing the share capital within the target capital, in particular on excluding or limiting collection right and determining the issue price, obtaining consent of the Supervisory Board is required.

8. Description of Principles for Changes in Articles of Association

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

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

General Meeting of Comarch S.A. operates on the basis of the provisions of the Commercial Companies Code, the Articles of Association, the principles of Good Practices of Listed Companies on the WSE applicable in the company, Regulations of the General Meeting of Comarch S.A. with its registered office in Kraków, adopted on 28th of June, 2010 by the General Meeting of Shareholders (as amended) and

the Regulations defining the detailed rules for participation in the General Meeting of Comarch S.A. by means of electronic communication adopted by Resolution of the Supervisory Board of Comarch S.A. No. 11/05/2020 on 26th of May, 2020. A detailed description of the activities of the General Meeting of the company can be found in the above documents.

1. Annual General Shareholders' Meetings may be ordinary or extraordinary.
2. An ordinary General Meeting of the Management Board shall be called no later than the end of June each year.
3. Meetings shall take place at the Company's headquarters.
4. At least two members of the Company's Management Board and at least two members of its Supervisory Board should take part in the Annual General Shareholders' Meeting.
5. If the subject of debate is to concern the financial affairs of the Company an auditor shall be present.
6. Representatives of the media may attend the General Shareholders' Meeting as observers.
7. Only persons who are Company's shareholders 16 (sixteen) days prior the date of the General Meeting are entitled to participate in the General Meeting.
8. Shareholders who are physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote themselves or via a proxy.
9. Shareholders who are not physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote via a person empowered to submit a declaration of intent in their name, or via a proxy.
10. The chairman of the Annual General Shareholders' Meeting conducts debates, takes decisions in matters of the agenda and procedure, and is authorized to interpret the present rules.
11. The duties of the chairman of the Annual General Shareholders' Meeting include:
 - Ensuring that debates are conducted in accordance with the agenda and procedure as stipulated,
 - Directing the debate: deciding who shall speak and in what order,
 - Receiving proposed and draft resolutions and opening them to debate and
 - Organizing and conducting the voting.
12. The Annual General Shareholders' Meeting shall choose a three-person returns committee from the candidates notified by the chairman. The returns committee shall ensure that each vote is correctly conducted, supervise the practical aspects of the vote and check, confirm and declare the results. Where the Annual General Shareholders' Meeting is attended by a small number of shareholders a returns committee shall not be selected unless a shareholder or proxy submits a request for a returns committee to be selected. Where a returns committee is not selected its functions shall be performed by the chairman of the Annual General Shareholders' Meeting.
13. The Annual General Shareholders' Meeting shall take decisions in the form of resolutions adopted by open voting except:
 - Voting on an issue of selecting or deselecting members of bodies of the Company, or liquidators,
 - Motions to prosecute members of bodies of the Company or liquidators,
 - In personal matters,
 - At the request of at least one shareholder,
 - In other circumstances stipulated in the regulations currently binding.
14. Shareholders shall notify the chairman of the Annual General Shareholders' Meeting of their candidates for membership of the Supervisory Board in writing or verbally.
15. Proposals for Supervisory Board candidates should be supported in detail with particular emphasis placed on the candidate's education, qualifications and professional experience.

16. Before a resolution is adopted on the composition of the Supervisory Board the General Shareholders' Meeting shall vote on a resolution to determine the number of members the Supervisory Board is to have.
17. The Company may organise the General Meeting in such a way as to enable shareholders to participate at the General Meeting using means of electronic communication.
18. The person convening the General Meeting decides about the possibility to participate in the General Meeting of the Company by means of electronic communication.
19. Shareholder's participation in the General Meeting by means of electronic communication includes:
 - a) two-way real-time communication of all persons participating in the General Meeting, in which they may speak during the General Meeting, staying in a different place than the place of the General Meeting,
 - b) exercising voting rights in person or by proxy during the General Meeting via electronic means of communication.

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

a) Members of the Comarch S.A.'s Supervisory Board as at 31st of December, 2020:

Name and Surname	Position
Elżbieta Filipiak	Chairman of the Supervisory Board
Andrzej Pach	Vice-Chairman of the Supervisory Board
Danuta Drobnik	Member of the Supervisory Board
Łukasz Kalinowski	Member of the Supervisory Board
Joanna Krasodomska	Member of the Supervisory Board
Anna Pruska	Member of the Supervisory Board
Tadeusz Włudyka	Member of the Supervisory Board

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

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

1. The Supervisory Board shall contain three to seven people, subject to special provisions relating to public companies, chosen by the Annual General Shareholders' Meeting. The Meeting shall, by a resolution, specify the number of members of the Supervisory Board before voting commences to select candidates for that Board.
2. Supervisory Board members shall be appointed for a common term of office lasting three years.
3. Members of the Supervisory Board shall perform their rights and duties directly and in person. Any member of the Supervisory Board may be dismissed before their term of office has been completed. Members of the Supervisory Board may be re-elected.
4. General Shareholders' Meeting shall appoint from among members of the Supervisory Board the Chairperson, the Vice Chairperson, and also the Secretary of the Supervisory Board, as needed.

5. The chairman of the Supervisory Board:
 - convenes meetings of the Supervisory Board;
 - conducts meetings of the Supervisory Board
 - opens debates at the Annual General Shareholders' Meeting.
6. When the chairman is absent his place shall be taken by the vice-chairman of the Supervisory Board, and in his absence, a previously appointed member of the Supervisory Board.
7. The Supervisory Board may select supervisory committees from amongst its members for specific scope of the Company's operations, in particular the Audit Committee.
8. These committees may sit separately and may vote on resolutions. These may concern the findings of inspections and audits concerning the way the Company operates.
9. Meetings of the Supervisory Board shall be convened by the chairman of the Supervisory Board. The Management Board or another member of the Supervisory Board may demand that the chairman convene a meeting of the Supervisory Board. This demand should be accompanied by a proposed agenda. The chairman of the Supervisory Board shall convene a meeting within two weeks of receiving the demand. If the meeting is not convened in accordance with the above provisions, the petitioner may himself call the meeting.
10. The agenda of meetings of the Supervisory Board shall be stipulated by the convener and, along with any relevant materials, be sent to members of the Supervisory Board three (3) days before the planned date of the meeting unless circumstances arise to justify shortening this period.
11. The agenda of meetings of the Supervisory Board may only be changed or supplemented.
12. Meetings of the Supervisory Board should be convened at least four times in each financial year.
13. Meetings of the Supervisory Board may also be held using means of direct remote communication, in particular in the form of teleconference, video conference, using electronic mail, the Internet or other available means of electronic communication. In such a case, it is assumed that the place of the meeting and preparation of the minutes is the place of stay of the Chairman of the Supervisory Board or the Vice-Chairman, if the meeting is chaired by him.
14. Meetings of the Supervisory Board may be registered in the form of audio or audio-video, if everyone participating in the meeting of the Supervisory Board agrees.
15. Resolutions of the Supervisory Board shall be adopted by a majority of the votes present, and in the case of meetings taking place using means of direct remote communication - by a majority of votes attending the meeting. In the event of an equal number of votes, the Chairman has the casting vote.
16. A resolution of the Supervisory Board is validly adopted if all members have been invited to participate in the meeting of the Supervisory Board and more than half of the members of the Supervisory Board participate in the meeting, including the Chairman or Vice-Chairman of the Supervisory Board.
17. Resolutions of the Supervisory Board may also be adopted without holding a meeting by voting in writing or using means of direct remote communication.
18. Resolutions adopted at the meeting held in accordance with point 13 or point 17 will be valid when all members of the Supervisory Board have been notified of the content of the draft resolution and at least half of the members of the Supervisory Board, including the Chairman or Vice-Chairman of the Supervisory Board, participated in adopting the resolution.
19. Members of the Supervisory Board may take part in voting on resolutions of the Supervisory Board by voting in writing via another member of the Supervisory Board. Voting in writing may not apply to matters introduced to the agenda during the meeting of the Supervisory Board.
20. The Supervisory Board may adopt resolutions in writing or by using means of direct remote communication also in matters for which the Company's Articles of Association provide for secret voting, provided that no member of the Supervisory Board objects.

21. Resolutions, after their adoption, are signed by all members of the Supervisory Board participating in the voting, while in the case of resolutions adopted using means of direct remote communication, such resolutions may also be confirmed by the Chairman or Vice-Chairman of the Supervisory Board who receives votes from other members of the Supervisory Board. The resolution is confirmed by noting in the resolution the mode of its adoption and the votes cast by members of the Supervisory Board.
22. Members of the Management Board may take part in meetings of the Supervisory Board. The Management Board shall be informed of all dates and agendas of meetings of the Supervisory Board.
23. The Supervisory Board may invite indicated members of the Management Board to take part in a meeting.
24. At each of its meetings the Supervisory Board shall be informed by the Company of the current individual and consolidated financial results of the Company and of significant matters concerning the Company's operations. Where this is justified by the Company's situation, this shall include the risk associated with operations and ways to manage this risk.
25. Members of the Management Board shall not take part in those sections of meetings of the Supervisory Board which concern the dismissal, scope of responsibility, or pay and conditions of Management Board members.
26. Meetings of the Supervisory Board shall be minuted. The minutes should include the agenda for debate, the name and surname of all the Supervisory Board members participating in the meeting and the results of the votes on resolutions.
27. The Supervisory Board shall undertake constant supervision of all areas of the Company's operations.
28. The specific competences of the Supervisory Board are as follows:
 - Assessing the Company's annual financial statement and the consolidated financial statement of the Comarch Group;
 - Assessing the Management Board's reports on the Company's operations and on the Comarch Group and, in addition, assessing the Management Board's conclusions on distributing profits and covering losses;
 - Submitting a written report containing the information required by points above of the present section;
 - Scrutinizing the work of the Management Board in effecting resolutions adopted at the Annual General Shareholders' Meeting;
 - Selecting statutory auditors for the financial statements of the Company and of the Comarch Group. The Supervisory Board may adopt a resolution to apply stricter criteria for the statutory auditor's independence than are demanded by the legal regulations;
 - suspending, for important reasons, individual or all members of the Management Board and delegating members of the Supervisory Board for a period not longer than 3 months to temporarily perform the duties of members of the Management Board who have been dismissed, resigned or cannot perform their duties for other reasons;
 - Giving consent to increase share capital within the context of authorized capital;
 - Giving consent to acquire and dispose of real estate or shares in real estate;
 - Giving consent to conclude an agreement with an issue underwriter in accordance with the provisions set out in art. 433 paragraph 3 of the Polish Commercial Companies Code;
 - Exercising, in respect of members of the Management Board and on behalf of the Company, rights and privileges arising from an employment relationship;
 - Approving the Company's growth strategy;
 - Expressing its opinion on draft resolutions for the Annual General Shareholders' Meeting sent to it by the Management Board and shareholders;
 - Giving consent to the members of the Company's Management Board on the management boards or supervisory boards of companies from outside the Comarch Group;

- Giving consent to the conclusion by the Company of a significant agreement with a shareholder holding at least 5% of the total number of votes in the Company or a related entity;
 - Preparation of an annual report on the remuneration of the Company's Management Board and Supervisory Board;
 - Performance and monitoring of the performance of obligations arising from the Best Practices of WSE Listed Companies.
29. Once every year the Supervisory Board must adopt a resolution in the matter of its assessment of the Company's situation, the Supervisory Board's report on its activities, assessment of the Company's compliance with information obligations regarding the corporate governance principles, assessment of the rationality of the Company's policy in the area of sponsorship, charity or other similar activities. These documents shall be passed on to the Annual General Shareholders' Meeting.
30. To aid it in performing its function, the Supervisory Board has the right to see all the Company's documents and may demand reports and explanations from the Executive Board and from Company's employees. The Supervisory Board may also conduct a review of the state of the Company's assets.
31. The Supervisory Board operates as a collective body but may, however, delegate its individual members to particular supervisory activities.
32. Members of the Supervisory Board should hold the interests of the Company as their highest priority. A member of the Supervisory Board should avoid undertaking professional or non-professional activity that could lead to a conflict of interests or adversely affect his reputation as a member of the company's governing body, and should he disclose a conflict of interest immediately.
33. Members of the Supervisory Board shall be bound to inform other members of the Supervisory Board of any conflict of interest arising and, following this, not take place in the debate concerning the matter that is subject to a conflict of interest. Where it is uncertain whether a conflict of interest has arisen, the Supervisory Board shall vote on a resolution to resolve this uncertainty.
34. Members of the Supervisory Board shall keep secret all information they acquire in the course of their duties concerning the Company's activities and the activities of companies within the Comarch Group.
35. Within fourteen days of their selection a member of the Supervisory Board shall make a written submission of any economical, familial or other involvements with a shareholder holding five per cent or more of the votes at the Annual General Shareholders' Meeting. The Management Board shall inform the Supervisory Board in writing at that board's next meeting of any case where any entity acquires five per cent or more of the votes at the Annual General Shareholders' Meeting. Where information of this nature is passed to them, the members of the Supervisory Board shall submit – within fourteen days of the sitting of the Supervisory Board at which they were informed – written information concerning any conflict of interest arising. Should the involvements referred to in the present section change, members of the Supervisory Board are obliged – without summoning the Company to meet – to provide details of these changes within fourteen days.
36. Members of the Supervisory Board delegated to long-term, individual supervisory duties may not, unless the Company gives permission, involve themselves in competing business interests or participate in the business of a competitor Company as a partner or associate, or as a member of a body of a joint-stock Company. Further, they may not participate in the business of a competitor Company in a different legal personality as a member of a Company body. Additionally, members of the Supervisory Board are forbidden to participate in a competitor capital group where they hold ten per cent or more of the shares or participation rights, or where they enjoy the right to appoint at least one member of the Management Board.
37. Permission for members of the Supervisory Board delegated to long-term, individual supervisory duties to pursue competing commercial interests shall be granted according to a decision of the Supervisory Board.

38. A member of the Supervisory Board may not accept benefits that could affect impartiality and objectivity in making decisions or may adversely affect the assessment of the independence of his opinions and courts.
39. If a member of the Supervisory Board finds that a decision of the Supervisory Board is contrary to the interests of the Company, he may request that his opinion be included in the minutes of the meeting of the Supervisory Board.
40. Duties of members of the Supervisory Board:
 - Members of the Supervisory Board are obliged to draw up a list of persons closely associated with them and to deliver it to the Company immediately, no later than within 7 days.
 - Members of the Supervisory Board and persons closely associated with them are obliged to provide the Company and the Polish Financial Supervision Authority with information on each transaction concluded for their own account in relation to Company's shares or debt instruments or to derivative instruments or other related financial instruments - if the value of this transaction or the sum of transaction values exceeds € 5,000. The obligation to notify transactions applies to each subsequent transaction when the total amount of EUR 5,000 is reached during one calendar year. The threshold of 5,000 euros is calculated by adding without offsetting the position of all transactions. Members of the Supervisory Board are obliged to provide information about transactions immediately, but no later than within two business days after the transaction date. Members of the Supervisory Board are obliged to notify persons closely related to their obligations under the above content and to keep a copy of this notification. In the case of the appearance of new people closely related, a member of the Supervisory Board is obliged to notify them in writing about the obligations arising from the above content and sanctions for violation of these obligations, as well as to keep a copy of this notification. A declaration signed by a person closely related should be forwarded to the Company immediately, but no later than within 7 days.
 - Members of the Supervisory Board delegated to long-term supervisory tasks shall submit a monthly, written report detailing their activities to the Supervisory Board.
 - Members of the Supervisory Board should not resign their positions in mid-term where this would make it impossible for the Supervisory Board to function or where, especially, this would delay the adoption of vital resolutions.
 - Members of the Supervisory Board shall receive compensation according to terms stipulated by the Annual General Shareholders' Meeting.
 - Two members of the Supervisory Board shall participate in the debates at the Annual General Shareholders' Meeting. Members of the Supervisory Board shall themselves select these delegates to represent the Board at the Annual General Shareholders' Meeting.
 - Members of the Supervisory Board should make all efforts to participate in Supervisory Board meetings.
 - In the case of election of Supervisory Board members by voting in separate groups, each group has the right to delegate one of the Supervisory Board members elected by it to permanent, individual performance of supervisory activities.
 - Members delegated to long-term, individual supervisory tasks have the right to participate in meetings of the Management Board.
 - The compensation for members of the Supervisory Board delegated to long-term, individual supervisory tasks shall be stipulated by the Supervisory Board.
41. The Company shall cover the costs of the Supervisory Board's operation.
42. The Supervisory Board shall use the Company's office space, equipment and material.
43. The Company's Management Board shall provide the Supervisory Board with administrative and technical support.

c) Committees

In 2020, the Audit Committee (equivalent of the Audit Committee within the meaning of Annex I to the European Commission Recommendation of the 15th of February, 2005 concerning executive directors (...)), consisted of Joanna Krasodomska- Chairman of the Audit Committee, Danuta Drobniak- Member of the Audit Committee and Andrzej Pach- Member of the Audit Committee.

In 2020, the Audit Committee held four meetings.

According to the information available to the Company, two members of the Audit Committee fulfilled the conditions for independence (Joanna Krasodomska and Andrzej Pach).

Joanna Krasodomska (PhD of Economic Sciences, licensed accountant, academic staff, since 2016 as Associate Professor at the Faculty of Finance and Law at the Department of Financial Accounting at the Cracow University of Economics conducts scientific research, didactic activity, promoting and reviewing master's and doctoral dissertations, organizational activity for the University and the Department) and Danuta Drobniak (statutory auditor no. 9578) have knowledge and skills in accounting or auditing.

The knowledge of the IT industry is held by Andrzej Pach (professor of technical sciences, author of over 250 scientific publications in the field of modelling and analysis of computer networks and radio networks, participant and manager of many research projects, full professor at the Department of Telecommunications AGH, whose head was in the years 1998 - 2016, currently performs the function Vice-Rector for Science of AGH and is a member of the Electronics and Telecommunications Committee of the Polish Academy of Sciences).

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

1. The Audit Committee operates in accordance with the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A. adopted on 27th of November, 2017 with Resolution No. 2/11/2017 of the Audit Committee of Comarch S.A, and its subsequent amendments.
2. The Audit Committee consists of at least three members, including the Chairman of the Audit Committee, appointed or removed by the Supervisory Board for the term of its term from among the members of the Supervisory Board.
3. Most members of the Audit Committee, including the Chairman, are independent of the Company, i.e. they meet the independence criteria.
4. At least one member of the Audit Committee possesses knowledge and skills in accounting or auditing.
5. At least one member of the Audit Committee possesses knowledge and skills in the field in which Comarch S.A. operates. or individual members in specific areas have the knowledge and skills in this industry.
6. The Committee performs its functions jointly.
7. The Committee's meetings shall be held at the registered office of the Company or other place indicated by the person convening the meeting.
8. The Chairman of the Audit Committee may invite to the meetings of the Audit Committee other members of the Supervisory Board, members of the Management Board and employees of the Company, a certified auditor and other persons whose participation in the Committee's meetings considers important from the point of view of the Committee's tasks.
9. The Committee shall meet as often as it is necessary for the effective performance of its tasks, but not less frequently than four times in a financial year.
10. Every member of the Committee, as well as members of the Supervisory Board and the Management Board, have the right to bring matters to committee meetings.

11. A resolution of the Audit Committee is valid if all of its members have been invited to the Audit Committee meeting and at least half of the members of the Audit Committee participate in the meeting.
12. Meetings of the Audit Committee may also take place using means of direct remote communication, in particular in the form of teleconferencing, video conferencing, using electronic mail, the Internet or other available means of electronic communication. In this case, it is assumed that the place of the meeting and preparation of the minutes is the office of the Company.
13. Resolutions of the Audit Committee are adopted by a majority of votes present and in the case of meetings taking place using means of direct remote communication - by a majority of votes attending the meeting. In the case of an equal number of votes, the Chairman's vote is decisive.
14. Resolutions of the Audit Committee may also be adopted without holding a meeting by way of a written vote or using means of direct remote communication.
15. Minutes of meetings of the Audit Committee together with conclusions, recommendations and recommendations of the Audit Committee are submitted to the Supervisory Board as well as to the Management Board of the Company.
16. Task and rights of the Audit Committee:
 - monitoring the financial reporting process;
 - submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
 - monitoring the performance of auditing activities;
 - controlling and monitoring the independence of the statutory auditor and the audit firm;
 - informing the Supervisory Board about the results of the audit;
 - assessing the independence of the certified auditor and consenting to the provision of permitted non-audit services in the Company;
 - developing a policy of selecting an audit firm to conduct the audit;
 - development of a policy by the audit firm conducting the audit, by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services;
 - determination of the procedure for the selection of an audit firm by the Company;
 - presenting recommendations to the Supervisory Board regarding the selection of an audit firm;
 - examining the issues that give rise to resignation from the services of the external auditor and issuing recommendations on the required activities;
 - monitoring the effectiveness of internal control systems and risk management systems as well as internal audit;
 - the Committee has the right to investigate every matter in its area of responsibility.
17. Once every six months before the date of approving annual and semi-annual reports, the Committee prepares and presents to the Supervisory Board a report on its activities.
18. A member of the Audit Committee should make every effort to participate in the meetings of the Audit Committee.

As at 31st of December, 2020, the Supervisory Board of Comarch S.A. did not set up a nomination committee and a remuneration committee.

e) Audit Committee and the auditor – policies, procedures

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

The recommendation regarding the selection of an audit firm to conduct the audit met the applicable statutory conditions and was consistent with the principles contained in the document "Policy and procedures for selecting an audit firm to audit the statutory financial statements of Comarch S.A. and the Comarch Group and the policy for the provision of additional services by the auditing company, an entity related to the auditing company or a member of its network adopted by the Resolution by the

Audit Committee of Comarch S.A." available at https://www.comarch.com/files-com/file_280/policy-to-select-auditor-updated.pdf (ENG: https://www.comarch.com/files-com/file_280/policy-to-select-auditor-updated.pdf). It was prepared following an election procedure organized by the issuer that met the issuer's criteria.

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

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

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

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

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

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

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

- enables these companies to learn about the operations of the Company and the Comarch S.A. Group,

- contains an indication of financial statements subject to examination,
- contains transparent and non-discriminatory selection criteria that are used to assess the offers made by audit firms.

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

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

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

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

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

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

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

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

If the decision of the Supervisory Board regarding the selection of an audit firm deviates from the recommendation of the Audit Committee, the Supervisory Board justifies the reasons for non-compliance with the recommendation of the Audit Committee and forwards such justification to the body approving the financial statements.

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

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

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

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

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

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

f) Members of Comarch S.A.'s Management Board as at 31st December, 2020:

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

The Management Board leads the affairs of the Company and operates according to the provisions of the Polish Commercial Companies Code, the Company's Articles of Association, resolutions of the Supervisory Board, resolutions of the Annual General Shareholders' Meeting, the Rules for the Management Board dated the 25th of May, 2020, and to the generally binding legal regulations. The detailed operations of the Management Board were presented in the above-mentioned documents.

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

1. The Management Board performs its functions jointly and takes resolutions at meetings of the Management Board and in the manner stipulated below.
2. Meetings of the Management Board shall be held at least once every month. Meetings of the Management Board shall be held on the company's premises at ul. Prof. Życzkowskiego 23 in Krakow or in any other place indicated by a person calling the meeting. Meetings of the Management Board may also be held using means of direct remote communication, in particular in the form of teleconferences, videoconferences, using e-mail, the Internet or other available means of electronic communication. In such a case, it is assumed that the place where the meeting is held and the minutes are drawn up is the place of residence of the President of the Management Board or the member of the Management Board replacing the President of the Management Board.
3. A meeting of the Management Board shall be called by the President of the Management Board or, in his absence, a member of the Management Board acting as the President of the Management Board.
4. Where all members of the Management Board are present at a meeting of the Management Board, a meeting of the Management Board may be called informally.
5. The President of the Management Board or, in his absence, the person acting as President of the Management Board, may call a meeting of the Management Board at the request of any member of that Board and with the agenda specified by the member making the request. Meetings of the Management Board called in this way shall, however, not be restricted exclusively to this agenda and may consider other items placed on the agenda.
6. Meetings of the Management Board shall be chaired by the President of the Management Board, a person acting as the President of the Management Board or a person nominated by the President of the Management Board.
7. The Management Board shall take decisions in the form of resolutions adopted by open vote.

8. The chairman shall order a secret vote where even one member of the Management Board taking part in the meeting requests this.
9. Resolutions shall be adopted by an absolute majority of votes.
10. A resolution adopted at a meeting of the Management Board is valid only where at least four members of the Management Board, including the President of the Management Board or the person acting as the President of the Management Board, are present.
11. The Management Board may adopt resolutions at the meeting also using means of direct remote communication.
12. Members of the Management Board may participate in the process of resolution adoption, by casting their votes in writing through another member of the Management Board.
13. The Management Board may adopt a resolution outside meetings of the Management Board in the following ways:
 - By written vote – in this case each member of the Management Board votes in writing and gives this to the President of the Management Board or to the person acting as President of the Management Board;
 - By written vote – each member of the Management Board signs the contents of the resolution and gives this to the President of the Management Board or to the person acting as the President of the Management Board;
 - Voting using electronic means of communication, including e-mail, communicators, the Internet or other means of distance communication;
 - Votes cast in the manner set forth above shall be recorded in the book of resolutions and appended to the minutes of the meeting of the Management Board.
 - Where adopted in the manner set out in the third indent, a resolution shall require the votes of all members of the Management Board to be valid.
14. Non-members of the Management Board may be invited to attend its meetings.
15. All meetings of the Management Board require that minutes be taken. These should include at least:
 - The date and place of the meeting;
 - The agenda of the meeting;
 - The names and surnames of the members of the Management Board present at the meeting;
 - The names and surnames of people invited to the meeting of the Management Board and present at the meeting;
 - The exact content of resolutions;
 - The number of votes cast for and against resolutions including the number of abstentions.
 - The subjects discussed;
 - A written record of dissenting opinions expressed;
 - The signatures of the members of the Management Board present at the meeting.
16. The minutes of Management Board meetings shall be kept in the Minutes Book. The Minutes Book shall be maintained by the CEO secretariat.
17. The minutes of Management Board meetings shall be drawn up immediately by CEO secretariat.
18. Performing functions in the Management Board of the Company is the main area of professional activity of a member of the Management Board. Additional professional activity of a member of the Management Board cannot lead to such a commitment of time and effort to negatively affect the proper performance of the function performed in the Company. In particular, a member of the Management Board should not be a member of bodies of other entities, if the time devoted to the performance of functions in other entities prevents him from diligently performing his duties in the Company.

19. In the case of resignation or inability to perform activities by a member of the Supervisory Board, the Management Board of the Company immediately takes appropriate actions to supplement or change the composition of the Supervisory Board.
20. The Management Board of the Company is responsible for the implementation and maintenance of the effective internal control systems, risk management, compliance and internal audit functions
21. The Management Board of the Company presents to the Supervisory Board at least once a year its own assessment of the effectiveness of the systems and functions with the relevant report.
22. A member of the Management Board of the Company should avoid undertaking professional or non-professional activity that could lead to a conflict of interest or adversely affect his reputation as a member of the Company's body. A member of the Management Board in the case of a direct or indirect conflict of interests of the Company with the interests of a member of the Management Board is obliged to notify the Supervisory Board of the Company about the conflict.
23. A member of the Management Board cannot accept benefits that could affect impartiality and objectivity in making decisions, or negatively affect the assessment of the independence of his opinions and courts.
24. If a member of the Management Board decides that the Management Board's decision conflicts with the Company's interests, he may request that his position on the subject be included in the minutes of the Management Board meeting.
25. Two members of the Management Board shall participate in the debates of the Annual General Shareholders' Meeting. Members of the Management Board shall themselves decide on which of their number should represent them at the Annual General Shareholders' Meeting.

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

The Company's Management Board is responsible for the Company's accounting in accordance with the Act on Accounting of 29th of September, 1994 (consolidated text, Journal of Laws from 2021, pos. 217) and compliant with the Regulation issued by the Minister of Finance on 29th of March, 2018 concerning current and periodical information pertaining to companies traded on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (consolidated text, Journal of Laws from 2018, pos. 757).

The audited consolidated financial statements are prepared in all significant aspects compliant with the International Financial Reporting Standards, as approved by the European Union. When specifying the scope and methods of consolidation, as well as the relations of dependency, IFRS principles were applied. Consolidation of the Capital Group's financial statement in relation to the subsidiaries was conducted using the full method by summing all the appropriate items from the dominant unit and the consolidated subsidiaries' financial statements in the full amount. In relation to the associates the equity method was applied. The value of the share of the dominant unit in the associate was adjusted in the interest of the dominant unit by the increase in the associate's equity occurring within the consolidating period.

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

Both financial statements and consolidated financial statements are prepared jointly by people working in the accountancy, the capital market, the control and the finance departments under the supervision

of the Head Accountant and Chief Financial Officer. Financial statements and consolidated financial statements are audited, and half-year financial statements are reviewed by an independent expert auditor elected by the Company's Supervisory Board.

12. Description of the Diversity Policy

The Comarch Group consists of 61 companies located in over 30 countries around the world, most of the sales revenue come from foreign markets, Comarch is currently an international company with Polish roots. Entering new markets and functioning efficiently in them requires knowledge of local law and customs, respect for the culture and identity of local communities. It would not be possible without employing citizens of the countries in which the companies of the Comarch Group operate. Employment in foreign Comarch companies is approx. 9% of the total employment in the Comarch Group. Comarch provides employment opportunities to representatives of the local community in every location where it operates. Compliant with Working Rules, employer is obliged to: *„counteract discrimination in employment, in particular in relation to gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation.“*

Moreover, employees of Comarch Group companies *„should be treated equally within the scope of beginning and terminating work, employment conditions, promotion and trainings availability in order to improve professional qualification, in particular regardless of gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation, and regardless whether employed definite or indefinite time, full-time or part-time.“*

Comarch's policy does not create any barriers in relation to gender, views, sexual orientation, ethnic or race origin within the scope of employing and personal policy. It does not contribute to direct or indirect discrimination due to gender, age, disability, race, religion, nationality, politic beliefs, union affiliation, ethnic origin, creed and sexual orientation.

The Comarch Group makes every effort to ensure balanced share of women and men in performing functions of management and supervisory boards' members in companies.

Representatives of the management bodies of the Comarch Group companies are citizens of different countries. The supervisory boards of Comarch Group companies include 7 women and 34 men. The management boards of the Comarch Group companies include mainly men (136 against 17 women), which is primarily related to the nature of the Comarch Group's operations and the specifics of the IT industry, in which men form a significant majority. It should also be emphasized that a large part of the management board members are people associated with Comarch for many years, possessing extensive knowledge in the field of IT technology and qualifications necessary for the positions held.

The Comarch Group constantly increases the percentage share of women's employment, however, when deciding about employment, the employee's qualifications are taken into account, not the gender. Women constitute approx. 29.8% of employees employed by the Comarch Group companies and about 24.8% of the management staff of the Comarch Group companies, which is a high proportion of women in total employment, especially taking into account the technical nature of the Comarch Group's operations.

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

Information of the Management Board of Comarch S.A. Prepared on the Basis of the Statement of the Supervisory Board of Comarch S.A. on the Selection of an Audit Firm

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

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

Krakow, 30th of April, 2021

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

The Management Board's Statement Regarding the Reliability of the Financial Statement

The Management Board of Comarch S.A. states that to the best of our knowledge, the annual consolidated financial statement for the year 2020 and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the issuer's capital group and its financial results. Furthermore, the annual report regarding the issuer's capital group activities truly describes the development image and achievements as well as the issuer's capital group situation including basic threats and risk.

Krakow, 30th of April, 2021

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

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

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

Krakow, 27th of April, 2021

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Andrzej Ryszard Pach	Vice Chairman of the Supervisory Board	
Danuta Drobnik	Member of the Supervisory Board	
Łukasz Kalinowski	Member of the Supervisory Board	
Joanna Krasodomska	Member of the Supervisory Board	
Anna Pruska	Member of the Supervisory Board	
Tadeusz Włudyka	Member of the Supervisory Board	

Declaration of the Supervisory Board Regarding the Audit Committee

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

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

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

Kraków, 27th of April, 2021

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Andrzej Ryszard Pach	Vice Chairman of the Supervisory Board	
Danuta Drobnia	Member of the Supervisory Board	
Łukasz Kalinowski	Member of the Supervisory Board	
Joanna Krasodomska	Member of the Supervisory Board	
Anna Pruska	Member of the Supervisory Board	
Tadeusz Włudyka	Member of the Supervisory Board	