

Krakow, 29th of April, 2020

Dear Shareholders,

The Comarch Capital Group achieved record financial results in 2019. Sales revenue increased by 5.0%, i.e. by PLN 67.8 million compared to 2018 and reached the value of PLN 1,437.4 million. Operating profit reached PLN 143.4 million, while net profit reached PLN 104.8 million. Operating margin in 2019 was 10%, and net margin 7.3%. A year ago these values were 6.4% and 2.2%, respectively. Such a significant improvement in profitability was possible due to the increase in the scale of the Group's operations, extension of the market offer and continuous improvement of the effectiveness of the undertaken actions.

Last year there was a further rapid increase in sales of Comarch proprietary solutions. The demand for Comarch Group's software, as well as services related thereto, increased especially on foreign markets. Solutions for telecommunications, Loyalty, EDI and ICT, as well as ERP systems enjoyed particular interest of customers. Due to the wide and comprehensive offer of modern IT solutions and high quality services, the Comarch Group is the largest Polish software producer and one of the leading IT suppliers in the world. In 2019, the Group successfully continued its growth strategy based on developing its own products for many industries and selling them on international markets. I would like to emphasize that for many years the Comarch Group has incurred significant expenditure on the development and maintenance of the global sales network, thanks to which the international brand recognition and range of the Comarch offer are increasing, which effectively supports the sales of the Group's solutions on new markets. Last year, a new subsidiary, Comarch Pty. Ltd. in Australia joined the Group.

In 2019, the Comarch Group made significant investments in developing new and improving existing IT products. Expenditures for research work exceeded PLN 230 million, which represents 16% of the Group's sales revenue. I would like to point out that these key investments are financed primarily from the company's own funds. The Comarch Group has intensively developed a new generation of telecommunications systems dedicated to 5G technology, loyalty systems, ERP systems, IT solutions for medicine and in the field of Internet of Things. In 2019, the Group invariably focused on the development of IT solutions in the services model - Comarch is one of the market leaders in this field. Last year, the Comarch Group launched a comprehensive offer in the field of Comarch Cloud computing cloud, with the highest security standards, based on the Comarch Data Centre infrastructure. Thanks to Comarch Cloud, customers can use software, store data and run their businesses without their own IT infrastructure, while ensuring high performance, reliability, security and scalability of resources.

Last year, the Comarch Group strengthened its position as one of the fastest growing employers in the IT sector. In 2019, the employment volume increased by 308 employees, at the end of the year the Group employed 6,348 people worldwide. As every year, the program of summer student internships was very popular, thanks to which the Comarch Group is perceived as the first choice employer on the labour market in the IT industry.

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Comarch Spółka Akcyjna with its registered seat in Kraków at Aleja Jana Pawła II 39a, entered in the National Court Register kept by the District Court for Kraków-Śródmieście in Kraków, the 11th Commercial Division of the National Court Register under No. KRS 000057567. The share capital amounts to 8.133.349.00 zł. The share capital was fully paid. NIP 677-00-65-406

Comarch Spółka Akcyjna holds large enterprise status. Namely it is an enterprise which is other than a micro, small or medium-sized enterprise within the meaning of Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid as compatible with the internal market in application of Articles 107 and 108 of the Treaty (Official Journal of the EU L 187 of 26 June 2014)

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

Given the current situation in Poland and in the world, I emphasize that the Comarch Group is very well prepared to operate also in the conditions of the expected economic slowdown caused by the Covid-19 epidemic. I am convinced that due to the very good financial situation, significant product, industry and geographical diversification of its offer and the commitment of employees, Comarch will be able to strengthen its market position as a global provider of IT solutions in the coming periods, to the satisfaction of customers, employees, shareholders and the whole social and economic environment.

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

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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") ("Capital Group") containing consolidated balance sheet as at 31st of December, 2019 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, 2019 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 2017, item 1089 with later amendments) 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 ("IFAC Code") adopted by the resolutions of the National Council of Experts Auditors 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. 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 40,735 thousand, which is 2.2% of the balance sheet total and is significant for the 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. Additional information can be found in note 3.5. 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 financial statement.

2. Risk related to production in progress

Key research matter

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

The value of production in progress as at 31st of December, 2019 is PLN 75,944 thousand and represents 4.1% of the consolidated balance sheet total.

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

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

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

Disclosures in the financial statement

The applied accounting policy regarding capitalization of production costs 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 3.12.

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 comprehensive income capitalized costs in case the software is in the development phase (planned write-offs),
 - explanations of the 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 financial statement.

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

Key research matter

Sales revenue for the year ended 31st of December, 2019 amounted to PLN 1,437,423 thousand.

An important part of the revenues generated by the Capital Group were revenues from implementation IT implementation contracts, which are recognized by the Group in accordance with IFRS 15 guidelines "Revenues from contracts with customers".

For settling implementation contracts, the Group adopts the method of percentage involvement of costs and revenues.

The issue was considered the key area of the study due to the significance of sales revenue implementation services and the complex nature of the balance sheet valuation process based on material estimates of the Management Board regarding:

- establishing the budgeted cost of execution, and its updating during the service,
- correct allocation of costs to the relevant project and the relevant period,
- identify service obligations and assign appropriate remuneration to them,

which may have a significant impact on the value of recognized revenue in the period.

Disclosures in the financial statement

The details of the accounting policy applied by the Group in the area of revenue recognition are disclosed in note 2.2 of the additional notes to the consolidated financial statement.

Additional information is included in the additional notes to the consolidated financial statement in note 3.14.

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 recognition and recognition revenues from sales in terms of compliance with the regulations of relevant standards accounting.

In particular, we have carried out procedures to understand and evaluate the controls internal, which the Company has implemented in relation to the valuation of long-term contracts.

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

- we have assessed how the budgets used to calculate revenues are analysed and updated, and finally accepted;
 - we have reconciled the actual data from the books to the last day of the period under review with the updated ones data in the budgets on the valuation day;
 - we analysed the consistency of budget structures through mutual comparisons and reconciliations to real 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 loss on the contract;
 - in the case of contracts implemented over a period of more than one year, revenue and cost budgets were compared in these periods and the compliance of changes in the budget amount with source documentation was assessed for the selected sample, and changes in the value of the assumed margin on the contract were explained;
 - for contracts with a high degree of cost involvement, information on the stage of completion of work has been obtained;
 - detailed procedures were performed for a selected sample of contracts (including the largest contracts) to compare data from the spreadsheet with data from contracts with the client;
-

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 2019, Pos. 351). 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 operations for the financial year ended 31st of December, 2019 ("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").

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 operations 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 operations 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 operations 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 operations

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

- 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 operations.

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

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.

Choosing an auditing company

We have been selected to audit the financial statements with a resolution of the Company's Supervisory Board of 27th of May, 2019. The Company's financial statements are tested continuously starting from the financial year ended 31st of December, 2017, that is for the next three 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, 29th of April, 2020

FINANCIAL SUPERVISION AUTHORITY**CONSOLIDATED ANNUAL REPORT RS 2019**

year
(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 2019 from 2019-01-01 to 2019-12-31
including consolidated annual financial statement according to International Financial Reporting Standards (IFRS)
in currency PLN
date of publication 2020-04-29

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

(An auditor entitled to audit financial statements)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2019	2018	2019	2018
I. Net revenues from sales of products, goods and materials	1,437,423	1,369,619	334,145	320,987
II. Profit (loss) on operating activities	143,383	87,543	33,331	20,517
III. Gross profit (loss)	142,369	62,480	33,095	14,643
IV. Net profit (loss)	104,846	30,616	24,373	7,175
V. Cash flows from operating activities	168,964	139,482	39,278	32,689
VI. Cash flows from investing activities	-34,373	-71,679	-7,990	-16,799
VII. Cash flows from financing activities	-58,385	-32,866	-13,572	-7,703
VIII. Total net cash flows	76,206	34,937	17,715	8,188
IX. Total assets	1,842,711	1,665,945	432,714	387,429
X. Liabilities and provisions for liabilities	871,955	789,837	204,756	183,683
XI. Non-current liabilities	257,351	230,184	60,432	53,531
XII. Current liabilities	614,604	559,653	144,324	130,152
XIII. Equity	970,756	876,108	227,957	203,746
XIV. Share capital	8,133	8,133	1,910	1,891
XV. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XVI. Earnings (losses) per single share (PLN/EURO)	12.89	3.76	3.00	0.88
XVII. Diluted earnings (losses) per single share (PLN/EURO)	12.89	3.76	3.00	0.88
XVIII. Book value per single share (PLN/EURO)	119.36	107.72	28.03	25.05
XIX. Diluted book value per single share (PLN/EURO)	119.36	107.72	28.03	25.05

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 01.01.2019 to 31.12.2019: 4.3018;
 Arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2018 to 31.12.2018: 4.2669;
 The balance sheet items were presented based on NBP average exchange rates as of the end of the period:
 31.12.2019: 4.2585;
 31.12.2018: 4.3000.

ANNUAL REPORT INCLUDES:

File	Description
RS 2019 Report.pdf	Report of an Auditor authorized to audit Financial Statements- attachment no. 1
RS 2019 Letter of the President of The Management Board.pdf	Letter of the President of The Management Board- attachment no. 2
RS 2019 Consolidated Financial Statement.pdf	Consolidated Financial Statement- attachment no. 3
RS 2019 Report of the Management Board.pdf	Report of the Management Board- attachment no. 4
RS 2019 Supervisory Board's statement regarding the Audit Committee.pdf	Supervisory Board's statement regarding the Audit Committee - attachment no. 5
RS 2019 Assessment by the Supervisory Board of the compliance of the consolidated financial statements.pdf	Assessment by the Supervisory Board of the compliance of the consolidated financial statements- attachment no. 6
RS 2019 The Management Board's statement regarding the independent auditor.pdf	Information of the Management Board regarding the selection of the auditor- attachment no. 7
RS 2019 The Management Board's statement regarding the reliability of the financial statement.pdf	The Management Board's statement regarding the reliability of the financial statement- attachment no. 8
RS 2019 Report regarding Corporate Governance Principles.pdf	Report regarding Corporate Governance Principles- attachment no. 9
RS 2019 Non-financial Data Report.pdf	Non-financial Data Report- attachment no. 10

SIGNATURES OF ALL MEMBERS OF THE BOARD

Date	Name and surname	Position	Signature
2020-04-29	Janusz Filipiak	President of the Management Board	
2020-04-29	Paweł Prokop	Vice-President of the Management Board	
2020-04-29	Andrzej Przewięźlikowski	Vice-President of the Management Board	
2020-04-29	Zbigniew Rymarczyk	Vice-President of the Management Board	
2020-04-29	Konrad Tarański	Vice-President of the Management Board	
2020-04-29	Marcin Warwas	Vice-president of the Management Board	

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Date	Name and surname	Position	Signature
2020-04-29	Maria Smolińska	Head Accountant	



COMARCH

COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR 2019

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

Kraków, 29th of April, 2020

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COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 12 MONTHS ENDED 31 DECEMBER 2019

I. Consolidated Balance Sheet

ASSETS	Note	31 December 2019	31 December 2019*	1 January 2018
NON-CURRENT ASSETS				
Property, plant and equipment	3.3	539,635	551,063	551,063
Right-of-use assets	3.4	73,636	74,402*	-
Investment in real estates	3.5	36,631	32,683	32,683
Goodwill	3.6	40,735	42,197	42,197
Other intangible assets	3.7	56,311	59,447	59,447
Non-current prepayments	3.8	2,486	2,834	2,834
Investments in associates	3.9	570	1,520	1,520
Other assets at fair value	3.10a	2,739	935	935
Other investments		211	211	211
Deferred income tax assets	3.11	35,002	35,045	35,045
Other non-current receivables		8,782	20,906	20,906
		796,738	821,243	746,841
CURRENT ASSETS				
Inventories	3.12	90,741	97,198	97,198
Trade and other receivables	3.13	430,182	435,372	435,372
Current income tax receivables		3,554	2,555	2,555
Long-term contracts receivables	3.14	193,865	134,800	134,800
Available-for-sale financial assets		-	-	-
Other financial assets at fair value – derivative financial instruments	3.10a	4,923	3,264	3,264
Interest and shares		-	-	-
Cash and cash equivalents	3.16	322,708	245,915	245,915
		1,045,973	919,104	919,104
Assets qualified for sale		-	-	-
TOTAL ASSETS		1,842,711	1,740,347	1,665,945

*) In relation to the first-time application of IFRS 16 on 1 January 2019, the presentation of assets and liabilities in the balance sheet was changed accordingly. Influence on balance sheet totals is described in note [2.6](#) of these statements.

EQUITY AND LIABILITIES	Note	31 December 2019	1 January 2019*	31 December 2018
EQUITY				
Capital and reserves attributable to the company's equity holders				
Share capital	3.17	8,133	8,133	8,133
Other capitals	3.18	143,041	143,041	143,041
Exchange differences		10,168	8,837	8,837
Retained earnings and net profit for the current period		790,781	698,135	698,135
		952,123	858,146	858,146
Equities attributable to non-controlling interests		18,633	17,962	17,962
TOTAL EQUITY		970,756	876,108	876,108
LIABILITIES				
Non-current liabilities				
Credits and loans	3.19	141,718	175,010	175,010
Other liabilities		4,998	9,801	9,801
Lease liabilities	3.20	59,001	57,111*	-
Financial assets at fair value – derivative financial instruments	3.10b	2,909	1,338	1,338
Other financial liabilities	3.21	-	410	410
Provision for deferred income tax	3.11	48,725	43,625	43,625
Provisions for other liabilities and charges	3.22	-	-	-
		257,351	287,295	230,184
Current liabilities				
Trade and other payables	3.23	191,770	182,502	182,502
Current income tax liabilities		8,765	9,007	9,007
Long-term contracts liabilities	3.14	172,831	163,818	163,818
Credits and loans	3.19	41,091	40,267	40,267
Lease liabilities	3.20	15,730	17,291*	-
Financial assets at fair value – derivative financial instruments	3.10b	-	479	479
Other financial liabilities	3.21	4,009	328	328
Provisions for other liabilities and charges	3.22	180,408	163,252	163,252
		614,604	576,944	559,653
Total liabilities		871,955	864,239	789,837
TOTAL EQUITY AND LIABILITIES		1,842,711	1,740,347	1,665,945

*) In relation to the first-time application of IFRS 16 on 1 January 2019, the presentation of assets and liabilities in the balance sheet was changed accordingly. Influence on balance sheet totals is described in note [2.6](#) of these statements.

II. Consolidated Income Statement

	Note	12 months ended 31 December 2019	12 months ended 31 December 2018
Revenue	3.25	1,437,423	1,369,619
Cost of sales	3.26	(1,016,698)	(1,008,042)
Gross profit		420,725	361,577
Other operating income	3.27	34,320	20,160
Sales and marketing costs		(145,545)	(139,417)
Administrative expenses		(127,937)	(106,123)
Other operating expenses	3.28	(38,180)	(48,654)
Operating profit		143,383	87,543
Finance revenue/(costs)-net	3.29	(1,014)	(13,951)
Share of profit/(loss) of associates		-	(11,112)
Profit before income tax		142,369	62,480
Income tax expense	3.30	(36,851)	(30,029)
Net profit for the period		105,518	32,451
Attributable to:			
<i>Parent Company's shareholders</i>		104,846	30,616
<i>Non-controlling interests</i>		672	1,835
		105,518	32,451
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)			
– basic		12.89	3.76
– diluted	3.32	12.89	3.76
	3.32		

III. Total Income Consolidated Statement

	12 months ended 31 December 2019	12 months ended 31 December 2018
Net profit for the period	105,518	32,451
Other total income		
Currency translation differences from currency translation in related parties	1,330	4,667
Other total income	1,330	4,667
Sum of total income for the period	106,848	37,118
Attributable to the Parent Company's shareholders	106,177	35,284
Attributable to the non-controlling interests	671	1,834

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	Other capitals	Exchange differences	Retained earnings and net profit / (loss) for the current period		
Balance at 1 January 2018	8,133	143,041	4,169	679,719	16,128	851,190
Dividend paid	-	-	-	(12,200)	-	(12,200)
<i>Currency translation differences⁽¹⁾</i>	-	-	4,668	-	(1)	4,667
<i>Profit for the period⁽²⁾</i>	-	-	-	30,616	1,835	32,451
Total income recognised in equity ⁽¹⁺²⁾	-	-	4,668	30,616	1,834	37,118
Balance at 31 December 2018	8,133	143,041	8,837	698,135	17,962	876,108
Balance at 1 January 2019	8,133	143,041	8,837	698,135	17,962	876,108
Dividend paid	-	-	-	(12,200)	-	(12,200)
<i>Currency translation differences⁽¹⁾</i>	-	-	1,331	-	(1)	1,330
<i>Profit for the period⁽²⁾</i>	-	-	-	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	143,041	10,168	790,781	18,633	970,756

Pursuant to the resolution of the Comarch S.A. Annual General Meeting hold at the 26th of June, 2019, the net profit for 2018 was partly allocated for dividend for shareholders outside the Group. Details are described in point 3.18.1. As at the 31st of December, 2019, in subsidiaries of the Group, there is no reason to make dividend payments for 2018 to entities outside the Group.

V. Consolidated Cash Flow Statement

	12 months ended 31 December 2019	12 months ended 31 December 2018
Cash flows from operating activities		
Net profit	105,518	32,451
Total adjustments	100,368	136,830
Share in net gains (losses) of related parties valued using the equity method of accounting	-	11,112
Depreciation	84,929	65,205
Exchange gains (losses)	2,906	(1,027)
Interest and profit-sharing (dividends)	3,632	3,471
Profit (loss) on investing activities	(10,187)	(12,118)
Change in inventories	3,441	22,283
Change in receivables	(6,908)	(86,637)
Change in liabilities and provisions excluding credits and loans	22,555	134,508
Other adjustments	-	33
Net profit less total adjustments	205,886	169,281
Income tax paid	(36,922)	(29,799)
Net cash from operating activities	168,964	139,482
Cash flows from investing activities		
Purchases of property, plant and equipment	(44,965)	(74,702)
Proceeds from sale of property, plant and equipment	4,054	5,037
Purchases of intangible assets	-	(11,861)
Proceeds from disposal of investment in real estates, intangible assets	(8,825)	9,934
Expenses for acquisition of financial assets	10,396	(100)
Expenses for investment in real estates	(2,554)	(1,304)
Granted loans	-	(16,350)
Paid loans	1,900	10,870
Interest	338	312
Disposal of financial assets	3,354	6,485
Other expenses for financial assets	1,929	-
Other investment expenses	-	-
Net cash used in investing activities	(34,373)	(71,679)
Cash flows from financing activities		
Proceeds from credits and loans	10,774	45,942
Repayments of credits and loans	(41,685)	(61,998)
Interest on the loan and credits	(3,295)	(3,361)
Proceeds from repaid loans	2,050	1,097
Proceeds from interest on loans	121	47
Other financial liabilities (loans granted)	(323)	(1,891)
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	(19,559)	(168)
Other financial proceeds	5,732	714
Other financial expenses	-	(1,048)
Net cash used in financing activities	(58,385)	(32,866)
Net change in cash, cash equivalents and bank overdrafts	76,206	34,937
Cash, cash equivalents and bank overdrafts at beginning of the period	245,906	207,925
Positive (negative) exchange differences in cash and bank overdrafts	590	3,044
Cash, cash equivalents and bank overdrafts at end of the period	322,702	245,906
- including limited disposal	2,986	3,550

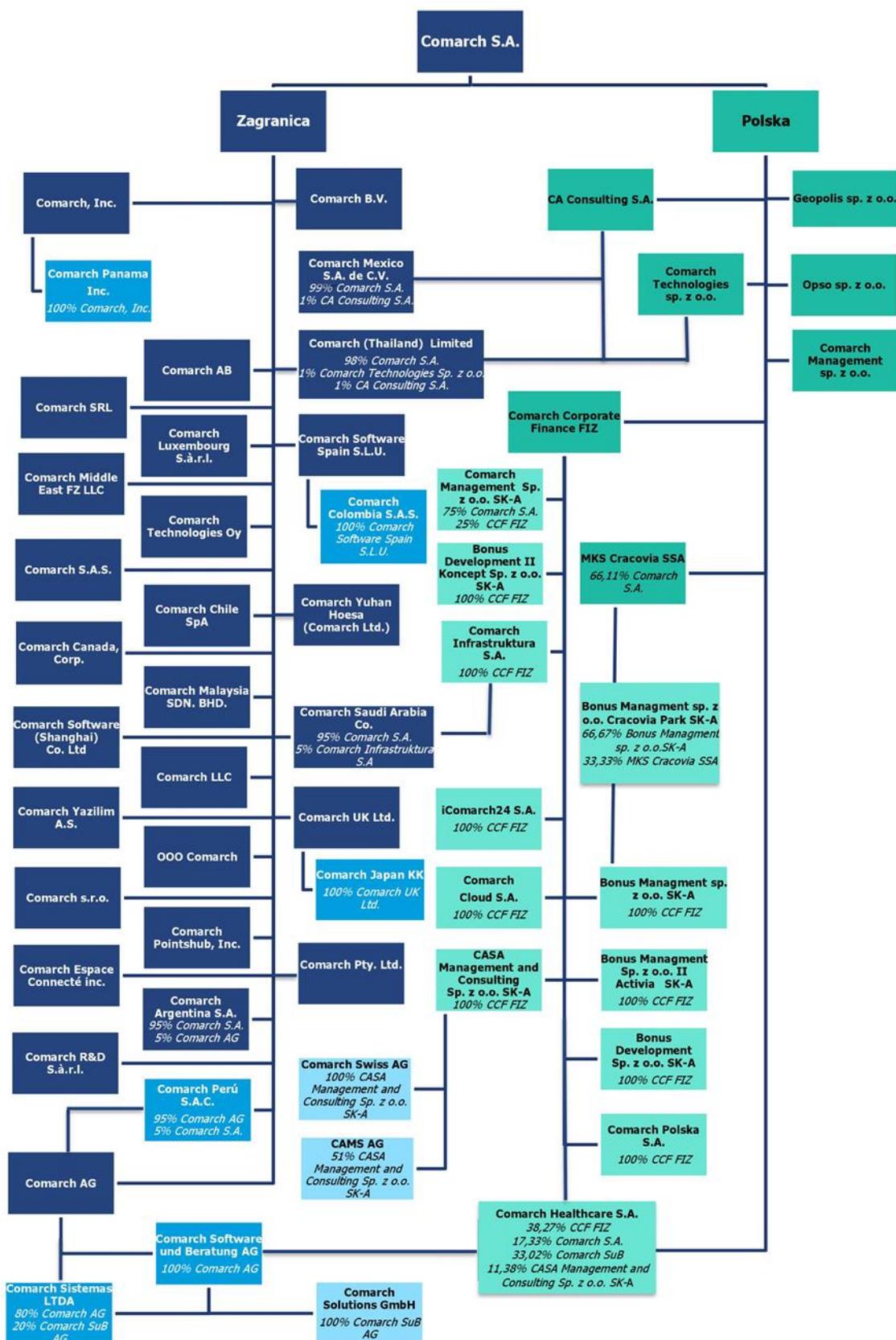
**) It comprises depreciation of right-of-use assets resulting from applying IFRS 16 (details in point 2.6).*

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 revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

1.1. Organisational Structure of Comarch Group



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

On the 31st of December, 2019, associates of the parent company are:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% votes held by Bonus Management sp. z o.o. II Activia SKA),
- Metrum Capital S.A. (15.79% votes held by Comarch S.A., 31.58% votes held by CAMS AG).

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

1.2. Activities Structure in the Comarch Group

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them,
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co. , Comarch Mexico S.A. de C.V., Comarch Yuhan Hoesa (Comarch Ltd.), Comarch (Thailand) Limited, Comarch BV, Comarch Software (Shanghai) Co. Ltd and Comarch Pty. LTD. acquire IT contracts in foreign markets and execute them in their entirety or in part,
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG,
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- Comarch Polska S.A. acquire IT contracts in domestic markets, mostly in Public sector, and execute 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 connections for the own needs of the Comarch Group, as well as the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractors,
- 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. SKA and Bonus Development sp. z o.o. II Koncept SKA are activities related to real estates,
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector,
- Comarch Infrastruktura S.A. (formerly Infrastruktura24 S.A.) offers services related to Data Centre and IT services outsourcing,
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group,
- Geopolis sp. z o.o. implements integrated GIS system in public administration entities,
- MKS Cracovia SSA conducts sports activities and promotes physical education,
- „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A conducts investment activities related to sports, wellness and recreation,

- Opso sp. z o.o. provides catering services,
- Comarch s.r.o. and Comarch Cloud S.A. are currently not operating.

1.3. Changes in Ownership and Organisational Structure in 2019

On the 22nd of May, 2019 r was registered a subsidiary Comarch Pty. LTD in Sydney in Australia. The share capital of the company amounts to AUD 100 (i.e. PLN 266) and consists of 100 shares with value of AUD 1 each. Comarch S.A. owns 10,000 shares, i.e. 100% in share capital and votes of company Comarch Pty. LTD.

On the 5th of July, 2019 has been registered the capital increase in Comarch (Thailand) Limited in amount THB 10,500,000 (i.e. PLN 1,334,750), i.e. from THB 8,000,000 THB (i.e. PLN 1,020,000) to THB 18,500,000 (i.e. PLN 2,358,750).

On the 23rd of September, 2019, AGM of Comarch BV has adopted a resolution about the increase of the share capital by issuing 100,000 shares at EUR 1 per share. The above mentioned increase was paid by Comarch S.A. on the 27th September, 2019.

On the 28th of October, 2019, the company's name was changed from Comarch Pointshub S.A. to Comarch Cloud S.A.

On the 8th of November, 2019, has been registered the capital increase in Comarch Pty. Ltd (Australia) in amount AUD 100 (i.e. PLN 266), to AUD 100,100 (i.e. PLN 266,506).

On the 13rd of November, 2019, AGM of Comarch Peru S.A.C. has adopted a resolution about the increase in amount PEN 1,435,000 (i.e. PLN 1,643,362) of the share capital Comarch Peru S.A.C. from PEN 165,000 (i.e. PLN 188,958 to PEN 1,600,000 (i.e. PLN 1,832,320) as a result of a contribution by Comarch AG and Comarch S.A. As a result 95% of the shares (1,425,000 shares) held by Comarch AG and. 5% of the shares (75,000 shares) held by Comarch S. A at the General Meeting of Shareholders of Comarch Peru S. A. C. The capital increase has been registered on the 7th January, 2020.

On the 25th of November, 2019, has been registered a change in capital Comarch S.A.S. to amount EUR 1,000,000 (i.e. PLN 4,258,500) after a simultaneous decrease and increase of capital.

On the 6th of December, 2019, Comarch Pointshub Inc. concluded an agreement for the sale of shares in the associated company Thanks Again LLC. The value of the contract was USD 500 thousand (i.e. PLN 1,898,850). As a result of the transaction, Thanks Again LLC was not an associate of the parent company as at 31 December, 2019.

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

On the 10th of February, 2019, has been registered the capital increase in Comarch Pty. Ltd (Australia) in amount AUD 100,100 (i.e. PLN 266,506), to AUD 1,300,100 (i.e. PLN 3,461,386) i.e. for the amount AUD 1,200,000 (i.e. PLN 3,194,880).

On the 21st of February, 2020, has been registered the capital increase in Comarch BV in amount EUR 200,000 (i.e. PLN 851,700), to EUR 500,100 (i.e. PLN 2,129,250), i.e. for the amount EUR 300,000 (i.e. PLN 1,277,550).

On the 24th of February, 2020, has been adopted a resolution about the increase of the share capital in Comarch SRL from EUR 900,000 (i.e. PLN 3,832,650) to EUR 2,000,000 (i.e. PLN 8,517,000), i.e. for EUR 1,100,000 (i.e. PLN 4,684,350).

2. Description of the Applied Accounting Principles

This consolidated financial statement for the 12 months ended the 31st of December, 2019 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, 2019, 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% votes held by Comarch AG, 20% votes 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	100%
Comarch BV	subsidiary	full	100%
Comarch Pty. LTD	subsidiary	full	100%
Comarch Technologies sp. z o.o.	subsidiary	full	100%
CA Consulting S.A.	subsidiary	full	100%
Geopolis sp. z o.o.	subsidiary	full	100%
Comarch Management sp. z o.o.	subsidiary	full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	subsidiary	full	100% 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	100.00% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	subsidiary	full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	subsidiary	full	100% held by CCF FIZ

Bonus Management sp. z o.o. II Activia SK-A	subsidiary	full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SK-A	subsidiary	full	100% held by CCF FIZ
Comarch Healthcare S.A.	subsidiary	full	45.84% held by CCF FIZ, 20.76% held by Comarch S.A., 19.77% held by Comarch Software und Beratung AG, 13.63% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	subsidiary	full	100% held by CCF FIZ
Comarch Comarch Cloud S.A. (formerly Comarch Pointshub S.A.)	subsidiary	full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	subsidiary	full	100% held by CCF FIZ
iComarch24 S.A.	subsidiary	full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	subsidiary	full	100% held by CCF FIZ
Comarch Swiss AG	subsidiary	full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	subsidiary	full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	subsidiary	full	100.00%
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 revenues, profits and assets. IT segment is divided into the DACH (Germany, Austria and Switzerland) market, Polish market and other markets according to the specific character of the activity in the segment.

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 2019, the share of none of the contractor exceeded 10% of the sales of Comarch Group.

Over 2019, Comarch Group revenue structure was as follows: 23% of annual sales were achieved in the first quarter, 23% in the second quarter, 25% in the third quarter and 29% in the fourth quarter. Over 2020, the company expects sales revenue to be similar to those in 2019.

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 31.12.2019	4.2585
at 31.12.2018	4.3000

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

for the period 1.01 - 31.12.2019	4.3018
for the period 1.01 - 31.12.2018	4.2669

Selected currency rates used to financial data

NBP average exchange rates for USD

at 31.12.2019	3.7977
at 31.12.2018	3.6227

NBP average exchange rates for CHF

at 31.12.2019	3.9213
at 31.12.2018	3.8166

NBP average exchange rates for GBP

at 31.12.2019	4.9971
at 31.12.2018	4.7985

NBP average exchange rates for DKK

at 31.12.2019	0.5700
at 31.12.2018	0.5759

NBP average exchange rates for CAD

at 31.12.2019	2.9139
at 31.12.2018	2.7620

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 revenues 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, revenues are 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 revenues, 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 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 Revenues 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 revenues from contracts, the following items are taken into account:

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

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

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

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

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

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

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

Revenues from sales of other services, products, finished goods and property items comprise sums of fair values from due invoiced revenues 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 'Revenues 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 Revenues and Costs

Other operational revenues and costs comprise revenues 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 Revenues and Costs

Financial revenues and costs mostly include: revenues 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 2019 would have been PLN 700 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, 2018, indicates that if interest rates had been 50 base points higher/lower net profit for 2018 would have been PLN 153 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, 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 [3.15](#).

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 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, 2019, would have been PLN 16,517 thousand higher/lower. This is made up of an increase/decrease of PLN 10,391 thousand from financial assets and liabilities expressed in EUR, an increase/decrease of PLN 3,180 thousand from financial assets and liabilities expressed in USD, an increase/decrease of PLN 1,114 thousand from financial assets and liabilities expressed in GBP, an increase/decrease of PLN 309 thousand from financial assets and liabilities expressed in CAD, an increase/decrease of PLN 341 thousand from financial assets and liabilities expressed in BRL, an increase/decrease of PLN 865 thousand from financial assets and liabilities expressed in RUB, an increase/decrease of PLN 626 thousand from financial assets and liabilities expressed in CHF, an increase/decrease of PLN 53 thousand from financial assets and liabilities expressed in UAH and an increase/decrease of PLN 190 thousand from financial assets and liabilities expressed in AED.

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 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, 2019, would have been PLN 29,071 thousand higher / PLN 29,071 thousand lower (in 2018: have been PLN 18,052 thousand higher / PLN 18,052 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 revenues, 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, 2019 are consistent with those applied for the preparation of the annual consolidated financial statements for the financial year ended 31st of December, 2018, 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

■ 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.

The main differences between operating lease liabilities disclosed as at 31st of December, 2018, lease liabilities recognized as at the date of first application of IFRS 16 result from:

- recognition in lease liabilities of perpetual usufruct rights that were classified as lease contracts as at 1st of January, 2019,
- exclusions from valuation according to IFRS 16 of current contracts, contracts concluded for an indefinite period of time with a notice period of less than one year and contracts concerning low-value assets, i.e. with an initial value of less than USD 5,000.

As at the balance sheet date, 31st of December, 2019, the value of the right to use assets in the Group amounted to PLN 73,636 thousand and the value of lease liabilities PLN 74,731 thousand. The value of depreciation from the asset due to the right of use in 2019 amounted to PLN 18,629 thousand. The value of interest on leasing liabilities in 2019 amounted to PLN 2,310 thousand.

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

	At 31 December 2019 - published data	At 31 December 2019 - without IFRS 16
Impact on the balance sheet		
Total assets	1,842,711	1,769,525
Fixed assets	796,738	723,552
Asset due to the right of use	73,636	-
Liabilities Total	1,842,711	1,769,525
Total liabilities, including:	871,955	797,645
<i>Long-term liabilities</i>	257,351	198,494
<i>Current liabilities</i>	614,604	599,151
Lease liabilities, including:	74,731	-
<i>Long-term liabilities</i>	59,001	-
<i>Current liabilities</i>	15,730	-
Equity attributable to the Company's shareholders	952,123	953,247

Impact on the profit and loss account

Depreciation, including:	84,929	66,653
<i>Depreciation of the right to use</i>	<i>18,629</i>	-
Net profit, including	105,518	106,642
Net profit attributable to the company's shareholders	104,846	105,970

Impact on the cash flow

Cash flow together	76,206	76,206
Net cash flow from operating activities	168,964	149,823
Net cash flow from investing activities	(34,373)	(34,373)
Net cash flow from financing activities	(58,385)	(39,244)

Depreciation of assets under the right of use	12 months ended 31 December 2020
Leasing of means of transport and computer equipment	774
Rent	17,592
Perpetual usufruct	263
Depreciation of assets under the right of use	18,629

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 2019 amounted to approx. PLN 2,700 thousand.

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

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

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

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

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

■ Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

Amendment to IAS 28 was published on 12th of October, 2017 and is effective for annual periods beginning on or after 1st of January, 2019. Its purpose is to indicate the valuation principles for shares in associates and joint ventures when they are not measured using the equity method.

■ Amendments to various standards adopted within the frame of annual improvements process to IFRS "Annual Improvements (period 2015-2017)"

On the 12th of December, 2017, as a result of the review of IFRS, minor amendments were made to the following standards:

- **IFRS 3 Business combinations**, to the extent that it is clear that the entity remeasures its interest in the joint operation when it obtains control,

- **IFRS 11 Joint contractual arrangements** to clarify that when an entity becomes jointly controlled, it shall not remeasure its interest in the joint operation,

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

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

The purpose of the changes for annual periods beginning on or after 1st of January, 2019.

■ Amendments to IAS 19: Change, limitation and settlement of the program

Amendment to IFRS 3 was published on 7th of February, 2018 and is effective for annual periods beginning on or after 1st of January, 2019. The changes relate to how defined benefit plans are remeasured when have been changed. The amendments to this Standard mean that when a plan's net asset/liability is remeasured, updated assumptions should be used to determine current service cost and interest expense for the periods after the plan. Until now, IAS 19 has not explained this precisely.

The aforementioned changes to the standards did not have a significant influence on the Group's financial statements for 2019 other than those described above.

New standards and amendments already issued by IASB and approved by the EU, however not yet entered into force

The scope of the IFRS approved by the European Union does not differ significantly from the regulations of the International Accounting Standards Board, excluding the below-mentioned standards, changes to standards and the interpretations which were not applied by the EU as at the date of publication of this report.

■ IFRS 17 Insurance Contracts

Amendment to IFRS 3 was published on 18th of May, 2017 and is effective for annual periods beginning on or after 1st of January, 2021.

Earlier application is permitted (subject to simultaneous application of IFRS 15 and IFRS 9). The standard replaces existing regulations on insurance contracts (IFRS 4).

■ Amendment to IFRS 3 Business Combinations

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

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

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

Amendments to IAS 1 and IAS 8 were published on 31st of October, 2018 and are effective for annual periods beginning on or after 1st of January, 2020.

The purpose of the changes was to clarify the definition of "materiality" and facilitate its practical application.

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

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

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

New standards and amendments adopted by IASB but not yet approved by the EU

None present.

3. Notes to the Consolidated Financial Statement

3.1. Approving the Financial Statement for 2018

The consolidated financial statement for the year 2018 was approved on the 26th of June, 2019, by the General Meeting of Shareholders of Comarch S.A. On the 8th of July, 2018, 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 2019, the share of none of the contractor exceeded 10% of the sales of Comarch Group.

Over 2019, Comarch Group's revenue structure was as follows: 23% of annual sales were achieved in the first quarter, 23% in the second quarter, 25% in the third quarter and 29% in the fourth quarter. In the company's opinion, over 2020, Group's revenue structure will be similar to that observed in 2019.

12 months ended 31 December 2018	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination	Total
	Poland	DACH	Other					
Revenues per segment- sales to external clients including:	764,943	292,001	267,882	4,465	35,151	11,386	-	1,375,828
Revenues from sales:	773,996	290,173	266,909	5,503	21,333	11,705	-	1,369,619
<i>To customers in Telecommunication, Media, IT sector</i>	<i>124,558</i>	<i>80,384</i>	<i>111,474</i>	-	-	-	-	<i>316,416</i>
<i>To customers in Finance and Banking sector</i>	<i>151,416</i>	<i>37,935</i>	<i>15,181</i>	-	-	-	-	<i>204,532</i>
<i>To customers in Trade and services sector</i>	<i>58,934</i>	<i>33,985</i>	<i>109,487</i>	-	-	-	-	<i>202,406</i>
<i>To customers in Industry & Utilities</i>	<i>76,798</i>	<i>28,983</i>	<i>27,755</i>	<i>4,808</i>	-	-	-	<i>138,344</i>
<i>To customers in Public sector</i>	<i>181,131</i>	<i>9,316</i>	<i>2,553</i>	-	-	-	-	<i>193,000</i>
<i>To customers in small and medium enterprises sector</i>	<i>160,874</i>	<i>99,568</i>	-	-	-	-	-	<i>260,442</i>
<i>To customers in Medicine sector</i>	<i>15,646</i>	-	-	-	-	<i>11,705</i>	-	<i>27,351</i>
<i>To other customers</i>	<i>4,639</i>	<i>2</i>	<i>459</i>	<i>695</i>	<i>21,333</i>	-	-	<i>27,128</i>
<i>other operating revenue</i>	<i>1,153</i>	<i>1,532</i>	<i>3,503</i>	<i>51</i>	<i>13,600</i>	<i>321</i>	-	<i>20,160</i>
<i>finance revenue</i>	<i>(10,206)</i>	<i>296</i>	<i>(2,530)</i>	<i>(1,089)</i>	<i>218</i>	<i>(640)</i>	-	<i>(13,951)</i>
Revenues per segment - sales to other segments	436,644	39,855	36,068	7,582	8,543	2,161	(530,853)	-
Revenues per segment - total	1,201,587	331,856	303,950	12,047	43,694	13,547	(530,853)	1,375,828
Costs per segment relating to sales to external clients	715,882	246,208	290,030	5,995	29,969	14,152	-	1,302,236
Costs per segment relating to sales to other segments	436,644	39,855	36,068	7,582	8,543	2,161	(530,853)	-
Costs per segment - total	1,152,526	286,063	326,098	13,577	38,512	16,313	(530,853)	1,302,236
Current taxes	(10,606)	(16,334)	(6,422)	(226)	(586)	-	-	(34,174)
Assets for the tax due to investment allowances and other tax relief	4,966	(3,344)	1,737	49	737	-	-	4,145
Share of segment in the result of parties valued using the equity method of accounting	(333)	-	(10,779)	-	-	-	-	(11,112)
Net result	43,088	26,115	(37,612)	(1,707)	5,333	(2,766)	-	32,451
<i>including:</i>								
<i>result attributable to shareholders of the Parent Company</i>	<i>43,088</i>	<i>26,115</i>	<i>(37,612)</i>	<i>(1,700)</i>	<i>3,491</i>	<i>(2,766)</i>	-	<i>30,616</i>
<i>result attributable to minority interest</i>	-	-	-	<i>(7)</i>	<i>1,842</i>	-	-	<i>1,835</i>

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 31st of December, 2018, as well as investment expenditures and depreciation for 12 months ended the 31st of December, 2018:

31 December 2018 / 12 months ended 31 December 2018

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH	Other				
Assets	938,951	216,790	300,800	137,797	65,962	5,645	1,665,945
Liabilities	546,112	73,378	116,556	32,535	20,027	1,229	789,837
Investment expenditures	61,696	6,783	10,009	19,274	5,050	1,505	104,317
Depreciation	45,723	5,528	4,549	2,255	4,256	2,894	65,205

12 months ended 31 December 2019	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination	Total
	Poland	DACH	Other					
Revenues per segment- sales to external clients	787,721	291,066	339,706	1,721	38,409	12,106	-	1,470,729
<i>including:</i>								
Revenues 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>	147,836	80,601	107,409	-	-	-	-	335,846
<i>To customers in Finance and Banking sector</i>	145,959	35,828	9,267	-	-	-	-	191,054
<i>To customers in Trade and services sector</i>	69,333	26,920	155,490	-	-	-	-	251,743
<i>To customers in Industry & Utilities</i>	93,049	34,245	52,042	-	-	-	-	179,336
<i>To customers in Public sector</i>	119,846	10,506	-	-	-	-	-	130,352
<i>To customers in small and medium enterprises sector</i>	190,421	100,411	-	-	-	-	-	290,832
<i>To customers in Medicine sector</i>	14,111	15	1,448	-	-	10,345	-	25,919
<i>To other customers</i>	922	1	54	1,960	29,404	-	-	32,341
<i>other operating revenue</i>	3,424	3,725	16,606	188	8,997	1,380	-	34,320
<i>finance revenue</i>	2,820	(1,186)	(2,610)	(427)	8	381	-	(1,014)
Revenues per segment - sales to other segments	347,023	31,309	40,890	7,735	8,291	2,394	(437,642)	-
Revenues 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	717,193	254,282	304,257	3,993	36,339	12,296	-	1,328,360
Costs per segment relating to sales to other segments	347,024	31,309	40,890	7,735	8,291	2,393	(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)
Share of segment in the result of parties valued using the equity method of accounting	-	-	-	-	-	-	-	-
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>	56,496	27,742	22,163	(2,476)	1,110	(189)	-	104,846
<i>result attributable to minority interest</i>	-	-	-	(6)	678	-	-	672

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 31st of 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 Poland	Total DACH
	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

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

Revenues from basic sales - activities location

	12 months ended 31 December 2019	%	12 months ended 31 December 2018	%
Domestic/Poland	823,187	57.3	812,537	59.3
DACH	288,527	20.1	290,173	21.2
Others countries	325,709	22.6	266,909	19.5
Total	1,437,423	100.0	1,369,619	100.0

Assets – activities location

	31 December 2019	%	31 December 2018	%
Domestic/Poland	1,264,693	68.6	1,148,355	68.9
DACH	250,384	13.6	216,790	13.0
Other countries	327,634	17.8	300,800	18.1
Total	1,842,711	100.0	1,665,945	100.0

Investments expenditures - activities location

	12 months ended 31 December 2019	%	12 months ended 31 December 2018	%
Domestic/Poland	46,023	81.7	87,525	83.9
DACH	2,672	4.7	6,783	6.5
Other countries	7,649	13.6	10,009	9.6
TOTAL	56,344	100.0	104,317	100.0

3.3. Property, Plant and Equipment

	Lands and buildings	Means of transport and machinery	Furniture, fittings and equipment	Total
At 1 January 2018				
Cost or valuation (gross)	506,126	389,004	60,846	955,976
Depreciation	(72,293)	(278,767)	(48,078)	(399,138)
Net book value	433,833	110,237	12,768	556,838
Year ended 31 December 2018				
Opening net book value	433,833	110,237	12,768	556,838
Additions	(21,967)	74,439	3,302	55,774
Disposals	(344)	(6,811)	(26)	(7,181)
Depreciation	(10,719)	(37,974)	(5,675)	(54,368)
Closing net book value	400,803	139,891	10,369	551,063
At 31 December 2018				
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
At 31 December 2018				
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

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of December, 2019, 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. As at the 30th of September, 2019, property, plant and equipment under construction comprise mostly expenditures to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA and Bonus Management sp. z o.o. II Activia SKA (an amount of PLN 7,138 thousand) and expenditure on the building of a football training centre at MKS Cracovia SSA in the amount of PLN 10,568 thousand.

In the 2019, there were no purchases of land properties.

As at the 31st of December, 2019, bank loans are secured on land and buildings for the value of PLN 417,265 thousand (ordinary mortgages, real estate mortgages in BGŻ 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 40,000 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 256,301 thousand.

	31 December 2019	31 December 2018
Amount of interest on credits capitalised on investments in non-current assets	-	170

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

	31 December 2019	31 December 2018
Buildings	19,833	8,212
Equipment	4,531	1,452
Other	-	9
Total	24,364	9,673

Depreciation write-offs were presented in the income statement. They increase the costs of sold products, goods and materials in the amount of PLN 34,410 thousand (PLN 32,577 thousand in 2018), costs of sales in the amount of PLN 1,722 thousand (PLN 1,243 thousand in 2018), general and administrative expenses in the amount 3,959 of PLN thousand (PLN 5,415 thousand in 2018) and social activities expenses in the amount of PLN 13,670 thousand (PLN 15,133 thousand in 2018).

3.4. Asset due to the right of use

	31 December 2018	1 January 2019	31 December 2018
Leasing of means of transport and IT equipment	1,735	1,257	-
Lease	53,533	54,514	-
Perpetual usufruct	18,368	18,631	-
Total	73 636	74,402	-

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 2019, the value of the right of use asset was PLN 73,636 thousand. As at 1 January 2019, the value of the right of use asset was PLN 74,402 thousand. The value of depreciation on the right of use asset was PLN 18,629 thousand in 2019.

3.5. Investment Real Estates

	Lands	Buildings	Total
At 31 December 2018			
Cost or valuation (gross)	46,632	4,926	51,558
Depreciation	(17,552)	(1,323)	(18,875)
Net book value	29,080	3,603	32,683
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 the 31st of December, 2019, investment real estate comprise two office buildings, placed in Krakow with a total space 8,629 square meters, used for lease to the entities outside Group and lands located in Krakow, purchased in order to construct buildings dedicated for lease to the entities outside Group, as well as a real estate located in Kostrzyń leased to the entities outside Group.

3.6. Goodwill

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

	31 December 2019	31 December 2018
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 (A-MEA Informatik AG till 31 st of December, 2012)	8,413	8,413
Geopolis sp. z o.o.	-	1,462
Total	40,735	42,197

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	IT	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

3.6.2. Test for Goodwill Impairment

On the 31st of December, 2019, 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 2019, the Comarch SuB Group budget for 2020, and the forecast for 2020-2024, development estimates of the German market within the upcoming years and assuming a constant growth rate of 0.5% from 2024. 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%.

On the 31st of December, 2019, the Comarch Group conducted also tests for loss in value regarding goodwill in relation to acquisitions of Comarch Swiss (formerly A-MEA Informatik AG) and they did not show any loss in value.

On the 31st of December, 2019, the Comarch Group conducted also tests for loss in value regarding goodwill in relation to acquisitions of Geopolis sp. z o.o. The test showed goodwill decreased by PLN 1,462 thousand which was including in the income statement for 2019.

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, 2019, 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, 2019. 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 31.6. 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.

3.7. Other Intangible Assets

	Cost of completed development works	Right of perpetual usufruct	Trademarks, licences and software	Other	Total
At 31 December 2017					
Cost (gross)	3,258	40,588	180,677	40,576	265,099
Accumulated amortisation and impairment	(2,923)	(1,276)	(165,322)	(32,259)	(201,780)
Net book value	335	39,312	15,355	8,317	63,319
Year ended 31 December 2018					
Opening net book value	335	39,312	15,355	8,317	63,319
Additions	-	-	7,074	2,642	9,716
Disposals	-	-	(26)	(2,725)	(2,751)
Amortisation charge	(191)	(93)	(7,035)	(3,518)	(10,837)
Closing net book value	144	39,219	15,368	4,716	59,447
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
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

The Group presented costs for research and development works directly in costs, with no previous activation, in the amount of PLN 1,614 thousand.

I. Other intangibles include mainly valuation of assets related to players' cards in MKS Cracovia in the amount of PLN 4,165 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 10,127 thousand is included in the cost of production (PLN 9,629 thousand in 2018), the rest is presented in general and administrative costs in the amount of PLN 465 thousand (PLN 606 thousand in 2018) and selling costs in the amount of PLN 317 thousand (PLN 602 thousand in 2018).

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, 2019.

As at the 31st of December, 2019, an analysis was performed on changes in prices of real estate properties in Krakow in 2019. Based on articles and reports of industry portals (among others Bankier.pl <https://www.bankier.pl/wiadomosc/Ceny-transakcyjne-dzialek-budowlanych-IV-kw-2019-r-Raport-7836455.html>) it was found that in 2019 the average price of land in Krakow had a downward trend (by 4% compared to 2018), 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 2019 the perpetual usufruct right to land owned by Comarch Group companies was not impaired.

3.8. Non-Current Prepayments

	12 months ended 31 December 2019	12 months ended 31 December 2018
Opening balance	2,834	3,321
Changes due to:		
- settlement and transfer to non-current prepayments	(348)	(487)
Closing balance	2,486	2,834

3.9. Investment in Associates

As at the 31st of December, 2019, the Group had investments in associates.

At 1 January 2018	11,233
Share in profit of Sointeractive S.A.	(331)
Acquiring shares and share in profit of Metrum Capital S.A.	(2)
Grant a loan to SoInteractive S.A.	1,390
Acquiring shares and share in profit of Thanks Again LLC	(10,770)
At 31 December 2018	1,520
At 1 January 2019	1,520
Grant a loan to SoInteractive S.A.	300
Repayment of the loan by SoInteractive S.A.	(1,250)
At 31 December 2019	570

SoInteractive S.A.	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2018	Poland	2,114	4,346	42.98
At 31 December 2019	Poland	748	1,010	42.98

SoInteractive S.A.	Country of incorporation	Assets	Liabilities	% shares held
12 months ended 31 December 2018	Poland	3,293	(2,762)	42.98
12 months ended 31 December 2019	Poland	3,129	1,978	42.98

Metrum Capital S.A.	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2018	Poland	7	14	64.29
At 31 December 2019	Poland	9	25	64.29

Metrum Capital S.A.	Country of incorporation	Assets	Liabilities	% shares held
12 months ended 31 December 2018	Poland	-	(11)	64.29
12 months ended 31 December 2019	Poland	-	(9)	64.29

Thanks Again LLC*	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2018	USA	4,421	22,036	42.50
At 31 December 2019	USA	-	-	0.00

Thanks Again LLC*	Country of incorporation	Assets	Liabilities	% shares held
12 months ended 31 December 2018	USA	3,658	(7,473)	42.50
12 months ended 31 December 2019	USA	-	-	0.00

**) On the 6th of December, 2019, Comarch Pointshub Inc. concluded an agreement for the sale of shares in the associated company Thanks Again LLC. The value of the contract was USD 500 thousand (i.e. PLN 1,898,850). As a result of the transaction, Thanks Again LLC was not an associate of the parent company as at 31 December, 2019.*

As at the 31st of December, 2019, investments in associates include:

- acquired by CCF FIZ and Bonus Management sp. z o.o. II Activia SKA shares in SoInteractive S.A. (42.98% of shares, 27.37% of votes at the AGM) with total value of PLN 0;
- shares in Metrum Capital S.A. (Comarch S.A. acquired 21.43% of shares, i.e. 15.79% of votes at the AGM, and CAMS AG acquired 42.86% of shares, i.e. 31.58% of votes at the AGM, with total value of PLN 0;
- loans granted to SoInteractive S.A. by Comarch S.A. in the amount of PLN 570 thousand.

3.10. Derivative Financial Instruments

a) Assets

	31 December 2019	31 December 2018
Forward foreign exchange contracts – held-for-trading	7,662	4,199
Transaction on change of IRS	-	-
	7,662	4,199
<i>Current portion</i>	<i>4,923</i>	<i>3,264</i>
<i>Non-current portion</i>	<i>2,739</i>	<i>935</i>

b) Liabilities

	31 December 2019	31 December 2018
Forward foreign exchange contracts – held-for-trading	-	451
Transaction on change of IRS	2,909	1,366
	2,909	1,817
<i>Current portion</i>	<i>-</i>	<i>479</i>
<i>Non-current portion</i>	<i>2,909</i>	<i>1,338</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, 2019, 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, 2019, amounted to EUR 47,000 thousand, USD 12,400 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 BGŻ 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, 2019, valuation of the IRS transaction amounted to minus PLN 355 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, 2019, valuation of the IRS transaction amounted to minus PLN 318 thousand.

On the 20th of February, 2017, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on May 2016, from Bank Handlowy 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, 2019, valuation of the IRS transaction amounted to minus PLN 1,346 thousand.

On the 27th of November, 2017, Bonus Development Sp. z o.o. SKA concluded a transaction on change of IRS for investment credit taken on the 29th of June, 2015, from Bank Pekao S.A. 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, 2019, valuation of the IRS transaction amounted to minus PLN 890 thousand.

After the Balance Sheet Date

Between the 1st of January, 2020 and the 29th of April, 2020, Comarch Group concluded forward contracts for the sales of EUR 18,200 thousand and USD 13,000 thousand. The total net value of open forward contracts as of the 29th of April, 2020 amounted to EUR 58,200 thousand and USD 21,900 thousand. The contracts will be settled within 34 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency. The balance sheet valuation of forward contracts as at 31st of March, 2020 amounted to minus PLN 8,881 thousand, while as at 31st of December, 2019, it was plus PLN 7,662 thousand. Such a large change in the balance sheet valuation of forward contracts during the first quarter of 2020 was caused by a significant weakening of the PLN exchange rate against major foreign currencies following the Covid-19 epidemic.

3.11. 3.10. Deferred Income Tax

	31 December 2019	31 December 2018
Deferred income tax assets		
Beginning of year:	35,045	31,237
<i>charged to financial result</i>	<i>35,045</i>	<i>31,237</i>
Movement on deferred income tax account charged to financial result		
recognition of an asset due to tax loss in Comarch SuB	-	4,464
dissolution of an asset due to tax loss for the previous years in Comarch SuB and Comarch AG	(39)	(9,670)
recognition of an asset due to tax loss in Comarch Technologies sp. z o.o.	-	-
dissolution of an asset due to tax loss in Comarch Technologies sp. z o.o.	-	271
recognition of an asset due to tax loss in other foreign companies	-	(58)
recognition of an asset due to tax loss in other polish companies	82	1
dissolution of an asset due to tax loss in other polish companies	-	(74)
recognition of an asset due to tax relief of the Parent Company due to activities in Special Economic Zone	9,958	11,162
dissolution of an asset due to tax relief of the Parent Company due to activities in Special Economic Zone	(11,162)	(8,863)
recognition of an asset due to temporary differences related to costs (depreciation, costs of research works)	6,571	10,700
dissolution of an asset due to temporary differences related to costs (depreciation, costs of research works)	(5,453)	(4,125)
End of year	35,002	35,045
<i>charged to financial result</i>	<i>35,002</i>	<i>35,045</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 2018	9,783	12,591	8,863	31,237
(Charged)/ credited to the result for 2018	(5,066)	6,575	2,299	3,808
At 31 December 2018	4,717	19,166	11,162	35,045
<i>charged to financial result</i>	<i>4,717</i>	<i>19,166</i>	<i>11,162</i>	<i>35,045</i>
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>

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

Deferred tax provision	31 December 2019	31 December 2018
Deferred tax provision		
Beginning of year:	43,625	43,962
<i>charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>charged to financial result</i>	<i>38,195</i>	<i>35,532</i>
<i>provisions due to acquisition of Comarch SuB</i>	-	-
<i>provisions due to acquisition of A-MEA Informatik AG and ESAProjekt sp. z o.o.</i>	-	-
Movement on deferred tax liabilities charged to financial result		
dissolution of a provision due to valuation of deposits of CCF FIZ	-	(57)
recognition of a provision due to valuation of deposits of CCF FIZ	451	-
	-	-
recognition of a provision due to temporary differences related to depreciation, currency differences and interest	7,073	5,193
dissolution of a provision due to temporary differences related to depreciation, currency differences and interest	(2,424)	(5,473)
End of the period	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>

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 2018	22,380	-	9	16,143	5,430	-	43,962
<i>charged to financial result</i>	22,380	-	9	16,143	-	-	38,532
<i>charged to equity (Charged)/</i>	-	-	-	-	5,430	-	5,430
<i>credited to the result for 2018</i>	(57)	-	(9)	(271)	-	-	(337)
At 31 December 2018	22,323	-	-	15,872	5,430	-	43,625
<i>charged to financial result</i>	22,323	-	-	15,872	-	-	38,195
<i>charged to equity (Charged)/</i>	-	-	-	-	5,430	-	5,430
<i>credited to the result for 2019</i>	451	-	-	4,649	-	-	5,100
At 31 December 2019	22,774	-	-	20,521	5,430	-	48,725
<i>charged to financial result</i>	22,774	-	-	20,521	-	-	43,295
<i>charged to equity</i>	-	-	-	-	5,430	-	5,430

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, 2019, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 3,950 thousand as at the 31st of December, 2019 (after discounting

at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 31st of December, 2019 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,809 thousand as at the 31st of December, 2019 (after discounting at the permit date).

During the 2019, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2018, and worth PLN 5,453 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 6,571 thousand. An asset due to tax loss was settled in the amount of PLN 39 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 1,161 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 2019, the Group settled an asset created for the zone operations in the amount of PLN 11,162 thousand which were created as at 31st of December, 2018 and at the same time created in the amount of PLN 9,958 thousand (impact on result minus PLN 1,204 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 2019, a deferred tax provision was increased by PLN 451 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 7,073 thousand and dissolved in the amount of PLN 2,424 thousand. The total effect of the above-mentioned operations on the net result of 2019 was minus PLN 5,100 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 5,143 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.

3.12. Inventories

	31 December 2019	31 December 2018
Raw materials	2,456	2,009
Work in progress	75,944	85,285
Goods	11,702	9,259
Finished goods	65	121
Advances due to goods	574	524
Total	90,741	97,198

The cost of inventories included in 'Costs of products, goods and materials sold' amounted to PLN 407,538 thousand (12 months ended the 31st of December, 2019), PLN 415,034 thousand (12 months ended the 31st of December, 2018).

In 2019, Comarch Group created write-downs of the value of goods and materials in the amount of PLN 0. Comarch Group resolved write-downs in the amount of PLN 0 created in previous years.

3.13. Trade and Other Receivables

	31 December 2019	31 December 2018
Trade receivables – net	374,987	385,749
<i>Trade receivables- gross</i>	447,083	446,693
<i>Write-off revaluating receivables</i>	(72,096)	(60,944)
Other receivables	29,196	35,948
Short-term prepayments	14,135	12,294
Other prepayments	110	132
Loans	11,702	167
Receivables from related parties	52	1,082
<i>Receivables from related parties- gross</i>	52	7,799
<i>Write-off revaluating receivables</i>	-	(6,717)
Total	430,182	435,372
Current portion	430,182	435,372

The fair value of trade and other receivables is close to their balance sheet value presented above. There is no concentration of credit risk with respect to trade receivables as Group has a large number of customers. As at the 31st of December, 2019, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 31,098 thousand and resolved previously created write-offs in the amount of PLN 21,108 thousand due to the settlement of debts. These operations were included respectively in other operating income and expenses in the profit and loss account.

3.14. Long-term Contracts

	12 months ended 31 December 2019	12 months ended 31 December 2018
revenues from completed contracts recognised in the reporting period	62,583	68,049
revenues from not completed contracts recognised in the reporting period	436,521	392,002
revenues from not completed contracts recognised in the reporting period - an effect of settlement pursuant to IFRS 15	50,052	(10,772)
Revenues due to long-term contracts recognised in the reporting period	549,156	449,279

	12 months ended 31 December 2019	12 months ended 31 December 2018
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The total amount of the transaction price attributed to the performance obligations that remained unfulfilled (or partially not met) at the end of the reporting period	1,125,807	866,527
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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 revenues. 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, 2018, and the 31st of December, 2019, are presented below:

	31 December 2019	31 December 2018
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Status of settlements due to long-term contracts

Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	1,480,569	1,106,975
Issued invoices	(1,459,535)	(1,135,993)
Total	21,034	(29,018)

	Long-term contracts receivables	Long-term contracts liabilities	Net
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Revenues from long-term contracts included in the reporting period

Value at January 1 2018 before correction due to the application of IFRS 15	40,349	(30,754)	9,595
Correction of the state on January 1 2018 due to the application of IFRS 15	6,537	(34,379)	(27,842)
Value as at 1 January 2018 as adjusted for IFRS 15	46,886	(65,133)	(18,247)
Correction of the current period due to the application of IFRS 15 (reversal of the adjustment recognized in the opening balance sheet as at 1 January 2018)	(4,106)	22,368	18,262
Correction of the current period	92,020	(121,053)	(29,033)
Value at 31 December 2018	134,800	(163,818)	(29,018)
Change	87,914	(98,685)	(10,771)

Value at January 1 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

3.15. Categories and Classes of Financial Instruments

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

	31 December 2019	31 December 2018
Financial assets		
At fair value through the income statement (note 3.10)	7,662	4,199
Own receivables (including cash and cash equivalents)	765,226	704,748
Right-of-use assets (3.4)	73,636	-
Total	846,524	708,947
Financial liabilities		
At fair value through the income statement	2,909	1,817
Financial liabilities	4,009	738
Other financial liabilities	379,577	407,580
Financial guarantees contracts	-	-
Lease liabilities	74,731	-
Total	461,226	410,135

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

	31 December 2019	31 December 2018
Own receivables and cash and cash equivalents		
Receivables from related parties (note 3.13)	52	1,082
Receivables from related parties - non-current	-	-
Receivables from other entities - current (note 3.13)	433,684	436,845
Receivables from other entities - non-current	8,782	20,906
Cash and cash equivalents (note 3.16)	322,708	245,915
Total	765,226	704,748
Financial liabilities		
Liabilities due to credits (note 3.19)	182,809	215,277
Liabilities to related parties (note 3.23)	-	195
Liabilities to other entities - current (note 3.23)	191,770	182,307
Liabilities to other entities - non-current	4,998	9,801
At fair value through the income statement (note 3.10)	2,909	1,817
Liabilities due to acquisition of shares	-	-
Lease liabilities	74,731	-
Other financial liabilities	4,009	738
Total	461,226	410,135

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

	Financial assets		Financial liabilities	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Currency - PLN	269,211	234,827	239,696	102,954
Currency - EUR	399,716	302,126	191,898	264,619
Currency - USD	68,806	77,721	5,214	14,722
Currency - GBP	26,428	42,811	4,139	6,250
Currency - UAH	1,219	1,117	169	109
Currency - AED	4,416	2,542	623	1,807
Currency - RUB	18,047	8,333	753	699
Currency - CHF	17,953	7,914	5,427	794
Currency - CAD	6,784	1,310	604	2,461
Currency - BRL	12,514	11,881	5,700	3,685
Currencies - other	21,430	18,365	7,003	12,035
Total	846,524	708,947	461,226	410,135

As at the 31st of December, 2018, 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	1,082	-	-	-	1,082
Receivables from related parties – non-current	-	-	-	-	-
Receivables from other parties - current	436,316	524	5	-	436,845
Receivables from other parties – non-current	-	20,846	60	-	20,906
Cash and cash equivalent note (3.16)	245,915	-	-	-	245,915
Total	683,313	21,370	65	-	704,748

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	52	-	-	-	52
Receivables from related parties – non-current	-	-	-	-	-
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 (note 3.16)	322,708	-	-	-	322,708
Total	761,848	3,374	1	3	765,226

As at the 31st of December, 2018, 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 (note 3.19)	40,267	38,755	88,122	48,133	215,277
Liabilities to related parties	195	-	-	-	195
Liabilities to other entities - current	182,307	-	-	-	182,307
Liabilities to other entities – non-current	-	6,314	3,403	84	9,801
Derivative financial instruments	653	1,164	-	-	1,817
Lease liabilities	-	-	-	-	-
Liabilities due to the purchase of shares	-	-	-	-	-
Other financial liabilities	328	266	144	-	738
Total	223,750	46,499	91,669	48,217	410,135

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 (note 3.19)	41 091	35 815	69 737	36 166	182 809
Liabilities to related parties	-	-	-	-	-
Liabilities to other entities - current	191 770	-	-	-	191 770
Liabilities to other entities – non-current	-	4 998	-	-	4 998
Derivative financial instruments	-	-	318	2 591	2 909
Lease liabilities	15 730	11 910	20 652	26 439	74 731
Liabilities due to the purchase of shares	-	-	-	-	-
Other financial liabilities	4 009	-	-	-	4 009
Total	252 600	52 723	90 707	65 196	461 226

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

Own receivables	Valuation method
Receivables from related parties (note 3.13)	according to the adjusted acquisition price
Receivables from other entities – current (note 3.13)	according to the adjusted acquisition price
Receivables from other entities – non-current	according to the adjusted acquisition price
Cash and cash equivalents (note 3.16)	at fair value through profit or loss
Receivables from related parties (note 3.13)	according to the adjusted acquisition price
Receivables from other entities – current (note 3.13)	according to the adjusted acquisition price
Derivative instruments (note 3.10)	at fair value through profit or loss
Financial liabilities	Valuation method
Liabilities due to credits (note 3.19)	according to the adjusted acquisition price
Liabilities to related parties (note 3.23)	according to the adjusted acquisition price
Liabilities to other entities - current (note 3.23)	according to the adjusted acquisition price
Liabilities to other entities – non- current	according to the adjusted acquisition price
Liabilities due to finance lease (note 3.20)	according to the adjusted acquisition price
Liabilities due to credits (note 3.19)	according to the adjusted acquisition price
Derivative instruments (note 3.10)	at fair value through profit or loss

3.16. Cash and Cash Equivalents

	31 December 2019	31 December 2018
Cash in hand, cash at bank accounts	316,307	240,290
Current bank deposit	6,394	5,616
Total cash	322,701	245,906
Due interest on bank deposit	7	9
Total cash and cash equivalents	322,708	245,915

In 2019, effective interest rates for short-term bank deposits were 1.51% for PLN, 1.67% for USD, 1.66% for CLP, 5.57% for BRL, 33.61% for ARS, 0.8% for GBP. The average maturity period for these deposits was 20 days for PLN, 28 days for USD, 27 days for CLP, 31 days for BRL, 30 days for ARS and 92 days for GBP. 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 2019	31 December 2018
Cash with limited disposal rights		
security deposits set by companies in the Comarch Group in relation to concluded rental contracts and bank guarantees	283	318
funds received for implementation of projects co-financed with a subsidy	481	807
cash in a separate bank account of the consortium	-	-
cash in a separate bank account of the Social Services and Residential Fund	553	740
cash to secure credit lines	1,669	1,685
other	-	-
Total	2,986	3,550

3.17. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	Total
At 1 January 2018	8,133,349	8,133,349	-	8,133,349
At 31 December 2018	8,133,349	8,133,349	-	8,133,349
At 31 December 2019	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.

3.17.1. 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%).

3.17.2. Changes in Share Capital in 2019

On the 4th of March, 2019, 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 308 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 156.00 per 1 share, which value amounted to PLN 48,048, on the 4th March, 2019. The company announced details in current reports no. [RB-3-2019](#) (ENG: [RB-3-2019](#)) dated on the 4th March 2019.

On the 4th of March, 2019, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities (Paweł Prokop) 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 70 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 157.00 per 1 share, which value amounted to PLN 10,990, on the 4th March, 2019. The company announced details in current reports no. [RB-4-2019](#) (ENG: [RB-4-2019](#)) dated on the 4th March 2019.

On the 9th of July, 2019, 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 8,000 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 180.00 per 1 share, which value amounted to PLN 1,440,000, on the 5th of July, 2019. The company announced details in current report no. [RB-19-2019](#) (ENG: [RB-19-2019](#)) dated on the 9th of July, 2019.

On the 11th of July, 2019, 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 133,535 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 180.00 per 1 share, which value amounted to PLN 23,101,555, on the 10th of July, 2019. The company announced details in current report no. [RB-20-2019](#) (ENG: [RB-20-2019](#)) dated on the 11th of July, 2019.

On the 18th of July, 2019, the Management Board of Comarch S.A. received from Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. notification that as a result of the purchase of shares of Comarch S.A., Nationale-Nederlanden Otwarty Fundusz Emerytalny increased the number of shares of Comarch S.A. over 5% of votes at the General Meeting of Shareholders of the Company. At the same time Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. reported that as a result of the same transaction, funds managed by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A.: Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny increased the total holding of the Company's shares over 5% of votes at the General Meeting of Shareholders of the Company. The company announced details in current report no. [RB-21-2019](#) (ENG: [RB-21-2019](#)) dated on the 18th of July, 2019.

3.17.3. Changes in Share Capital in 2019 after the balance sheet date

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

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

3.18. Other Capitals

3.18.1. 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 premium share	TOTAL
At 31 December 2018	(5,185)	25,140	745	122,341	143,041
At 1 January 2019	(5,185)	25,140	745	122,341	143,041
Change in Ownership Structure	-	-	-	-	-
At 31 December 2019	(5,185)	25,140	745	122,341	143,041

On the 26th of June, 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 2018 - 31 December 2018. The General Shareholder's Meeting decided that net profit in the amount of PLN 49,649,395.86 will be divided as follows:

1. PLN 12,200,023.50 will be paid as dividend. Persons who will be the company's shareholders at the 5th of July, 2019 (dividend day), will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. Dividend will be paid on 15th of July, 2019;
2. The remaining part of the net profit in the amount of PLN 37,449,372.36 will be passed to supplementary capital.

The Management Board of Comarch S.A. until the date of publication of this report, made no decision regarding the proposal to distribute profit for 2019.

3.18.2. Capitals Attributable to Interests not Entitled to Control

At 1 January 2018	16,128
Results of subsidiaries for general partners outside the Group	-
MKS Cracovia SSA share in profit	1,842
CAMS AG share in profit	(7)
Currency exchange differences	(1)
At 31 December 2018	17,962
At 1 January 2018	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

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: PLN +672 thousand.

Total subsidiary's minority interest as at the end of the reporting period: PLN 18 633 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 2019	31 December 2018
Current assets	22,206	20,787
Non-current assets	55,574	52,047
Current liabilities	16,400	13,269
Non-current liabilities	6,751	(6,937)

MKS Cracovia SSA	12 months ended 31 December 2019	12 months ended 31 December 2018
Revenue	37,695	29,875
Profit (loss) from continued activities	2,001	5,436
Profit (loss) from discontinued activities (after tax)	-	-
Net profit (loss) for the period	2,001	5,436
Other total income for the period	-	-
Total income for the period	2,001	5,436

3.19. Credits and Loans

	31 December 2019	31 December 2018
Non-current		
Non revolving credits	136,880	165,783
Revolving credits	-	-
Loans	4,838	9,227
	141,718	175,010
Current		
Non revolving credits	36,386	32,893
Revolving credits	-	-
Loans	4,705	7,374
	41,091	40,267
Total credit and loans	182,809	215,277

3.19.1. Non revolving credits and loans

Debtor / Subject of financing	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A.	44,000	PLN	2,919 (3,563 as at 31 st of December, 2018)	EUR	12,432 (15,320 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	902 (1,418 as at 31 st of December, 2018)	EUR	3,840 (6,099 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. nonrevealing operating credit	Santander Bank Polska S.A. (formerly Bank Zachodni WBK S.A.)	7,400	EUR	953 (1,910 as at 31 st of December, 2018)	EUR	4,057 (8,212 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	13,323	EUR	6,507	EUR	27,711	PLN	EURIBOR1M + bank margin	30 th of November, 2023	mortgage on the SSE6 building, assignment of rights from the building's insurance policy, assignment of rights from the guarantee of due performance and

office buildings SSE6 in Krakow				(8,188 as at 31 st of December, 2018)		(35,209 as at 31 st of December, 2018)		IRS till the 30 th of November, 2023		guarantee of the warranty, declaration on submission to enforcement
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	12,920 (13,333 as at 31 st of December, 2018)	EUR	55,018 (57,330 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
Comarch S.A. nonrevealing operating credit	Bank Handlowy w Warszawie S.A.	2,508	EUR	0 (1,188 as at 31 st of December, 2018)	EUR	0 (5,109 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	Declaration of submission to enforcement
Comarch S.A. Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,400 (1,751 as at 31 st of December, 2018)	EUR	5,961 (7,529 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, declaration on submission to enforcement
Bonus Development Sp. z o.o. SK-A Office building in Lodz	Bank Polska Kasa Opieki S.A.	9,262	EUR	6,680 (7,346 as at 31 st of December, 2018)	EUR	28,448 (31,586 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 31 st of May, 2030	31 st of May, 2030	mortgage on an office building in Łódź, a statement by Bonus Development Sp. z o.o. SK-A on submission to enforcement, assignment of rights from the insurance policy of an office building in Łódź, assignment of rights from the guarantee of due performance and warranty guarantee, assignment of rights under the lease of the financed property concluded with Comarch SA, surety from Comarch SA, declaration on submission to enforcement Comarch SA.

Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	8,000	EUR	4,908	EUR	20,900	PLN	EURIBOR3M + bank margin	18 th of September, 2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Zyczkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the
Data centre in Lille in France				(6,218 as at 31 st of December, 2018)		(26,736 as at 31 st of December, 2018)				
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	3,500	EUR	3,499	EUR	14,899	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
Comarch infrastructure modernization program				(1,399 as at 31 st of December, 2018)		(6,016 as at 31 st of December, 2018)				
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			4,850	PLN	Fixed interest rate	1 st of March, 2022	none
delivery of IT hardware due to IT project realised by the Comarch Group						(7,643 as at the 31 st of December, 2018)				
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			0	PLN	Fixed interest rate	31 st of January, 2019	none
delivery of IT hardware due to IT project realised by the Comarch Group						(766 as at the 31 st of December, 2018)				
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			2,144	PLN	Fixed interest rate	1 st of May, 2022	Guarantee by Comarch S.A.
delivery of IT hardware due to IT project realised by the Comarch Group						(2,991 as at the 31 st of December, 2018)				
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			0	PLN	Fixed interest rate	1 st of July, 2019	none
delivery of IT hardware due to IT project realised by the Comarch Group						(737 as at the 31 st of December, 2018)				
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			1,944	PLN	Fixed interest rate	1 st of May, 2022	none
delivery of IT hardware due to IT project realised by the Comarch Group						(2,745 as at the 31 st of December, 2018)				
Comarch Polska S.A.	IBM Global Financing Polska Sp. z o.o.	1,200	PLN			0	PLN	Fixed interest rate	1 st of September, 2019	Guarantee by Comarch S.A.

delivery of IT hardware due to IT project realised by the Comarch Group						(900 as at the 31 st of December, 2018)				
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.	999	PLN			(999 as at the 31 st of December, 2018)	PLN	Fixed interest rate	1 st of December, 2019	none
Comarch S.A.						605				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,814	PLN			(0 as at the 31 st of December, 2018)	PLN	Fixed interest rate	1 st of May, 2020	none

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

	6 months or less	6-12 months	1-5 years	Over 5 years
At 31 December 2018				
Credits and loans	40,267	126,877	48,133	215,277
At 31 December 2019				
Credits and loans	41,091	105,552	36,166	182,809

The maturity of non-current bank credits, loans and financial liabilities

	31 December 2019	31 December 2018
Between 1 and 2 years	35,815	38,755
Between 2 and 5 years	69,737	88,122
Over 5 years	36,166	48,133
	141,718	175,010

Currency structure of the balance sheet values of credits, loans and financial liabilities

	31 December 2019	31 December 2018
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In Polish currency	9,542	16,601
In EUR (equivalence in PLN)	173,267	198,676
	182,809	215,277

The effective interest rates at the balance sheet date

	31 December 2019	31 December 2018
Bank credits	1,53%	1,61%
Loans	2,93%	2,56%

3.19.2. Revolving Credits and Loans

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Value			
					Currency	PLN			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2020	declaration of submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2020	declaration of submission to enforcement
Comarch S.A.	mBank S.A.	Financing operating activities	10,000	PLN	0	PLN	WIBOR O/N + bank margin	17 th of March, 2020	declaration of submission to enforcement

	31 December 2018	31 December 2018
Current credit lines granted, expiring within one year, including:	60,000	60,000
– used at the balance sheet date	-	-
– available at the balance sheet date	60,000	60,000

3.19.3. Changes in Credit and lease liabilities

	Opening balance 2019	Decrease	Increase	Exchange rate differences	Closing balance 2019
Current and non-current credits or loans	215,277	(41,709)	10,774	(1,533)	182,809
Lease liabilities	74,402	(19,536)	20,154	(289)	74,731
Total	289,679	(61,245)	30,928	(1,822)	257,540

3.20. Lease Liabilities

	31 December 2019	31 December 2018
Leasing of means of transport and IT equipment	1,744	1,257
Lease	54,297	54,514
Perpetual usufruct	18,690	18,631
<i>Current portion</i>	<i>15,730</i>	<i>17,291</i>
<i>Non-current portion</i>	<i>59,001</i>	<i>57,111</i>
Total	74,731	74,402

The value of lease liabilities results from the implementation of IFRS 16 from 1 January 2019. As at 1 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	756	988	-	1,744
Lease	14,932	31,381	7,984	54,297
Perpetual usufruct	42	193	18,455	18,690
Lease liabilities	15,730	32,562	26,439	74,731

3.21. Other Financial Liabilities

	31 December 2019	31 December 2018
Liabilities due to finance lease	-	738
<i>Current portion</i>	-	328
<i>Non-current portion</i>	-	410
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities due to payment for shares	4,009	-
<i>Current portion</i>	4,009	-
<i>Non-current portion</i>	-	-
Total	4,009	738

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.

3.22. Provisions for Other Liabilities and Charges

Current	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	Total
At 1 January 2018	3,927	13,755	19,657	28,973	66,102	132,414
Recognised in the consolidated income statement:	(184)	(1,749)	20,762	568	11,441	30,838
- <i>Additional provisions</i>	26,831	22,230	43,490	24,371	91,203	208,125
- <i>Provisions used during year</i>	(27,015)	(23,979)	(22,728)	(23,803)	(79,762)	(177,287)
At 31 December 2018	3,743	12,006	40,419	29,541	77,543	163,252
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>	<i>18,375</i>	<i>17,488</i>	<i>17,844</i>	<i>22,741</i>	<i>107,087</i>	<i>183,535</i>
<i>Provisions used and dissolved</i>	<i>(17,400)</i>	<i>(15,419)</i>	<i>(32,370)</i>	<i>(19,185)</i>	<i>(82,005)</i>	<i>(166,379)</i>
At 1 January 2019	4,718	14,075	25,893	33,097	102,625	180,408

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 VISA cards' settlements. Provisions for costs of contracts refer to recognition of the forecast losses in contracts.

Analysis of total provisions:

	31 December 2019	31 December 2018
Non-current	-	-
Current	180,408	163,252

3.23. Trade and Other Payables

	31 December 2019	31 December 2018
Trade payables	60,205	59,163
Advances received due to services	1,101	1,098
Liabilities to related parties	-	195
Liabilities due to social insurance and other tax charges	61,801	63,993
Investments liabilities	1,177	2,685
Proceeds from future periods	29,034	33,264
Other payables	6,373	1,783
Special funds (Social Services Fund and Residential Fund)	1,689	-
Liabilities due to remuneration	30,390	20,321
Total	191,770	182,502

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

3.24. Contingent Liabilities

On the 31st of December, 2019, 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 90,725 thousand, whereas it was PLN 81,163 thousand on 31st of December, 2018.

On the 31st of December, 2019, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 0 thousand, whereas it was PLN 63 thousand on 31st of December, 2018.

On the 31st of December, 2019, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand (PLN 1,668 thousand), whereas it was EUR 392 thousand (PLN 1,673 thousand) on the 31st of December, 2018.

On the 31st of December, 2019, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (PLN 68 thousand), whereas it was EUR 16 thousand (PLN 69 thousand) on the 31st of December, 2018.

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

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

	31 December 2019	31 December 2018
Credit lines*	239,273	229,293
	239,273	229,293

(*) they comprise credit lines at current account that are described in [3.19](#).

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 47,637 thousand. Provisions for part of these claims were presented in the balance sheet as of 31st of December, 2019 and are worth PLN 11,169 thousand. In 2019, the Comarch Group created provisions for claims in legal proceedings in the amount of PLN 4,198 thousand whereas released provisions in the amount of PLN 504 thousand in this respect.

The Comarch Group is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 44,055 thousand. Provisions for these claims presented in the balance sheet as at the 31st of December, 2019 are worth PLN 4,183 thousand. In 2019, the Comarch Group created provisions for claims in legal proceedings in the amount of PLN 2,368 thousand whereas released provisions in the amount of PLN 10,935 thousand in this respect.

In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for the rest of the claims in legal proceedings or matters in disputes but not legal proceedings.

Due to legal proceedings in 2019 the Comarch Group created write-offs that reevaluate receivables in amount PLN 280 thousand.

Due to the matters in disputes, in 2019 the Comarch Group created write-offs that reevaluate receivables for the amount of PLN 1,757 thousand.

3.25. Revenues from Sales

	12 months ended 31 December 2019	12 months ended 31 December 2018
Revenues from sales of products and services		
Revenues from sales of IT services	1,040,212	938,878
Revenues from sales of proprietary software and licences	249,442	207,271
Revenues from sales of finished goods	11,664	42,216
Revenues from sales of medical services	12,967	11,666
Revenues from other sales	38,242	36,070
Total	1,352,527	1,236,101
Revenues from sales of goods and materials		
Revenues from sales of hardware	19,134	55,728
Revenues from third party software and licences	30,997	24,041
Revenues from other sales	34,765	53,749
Total	84,896	133,518
Total revenues from sales	1,437,423	1,369,619

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

I/1 Costs by types	12 months ended 31 December 2019	12 months ended 31 December 2018
Depreciation of property, plant and equipment in use and intangible assets	84,929	65,205
Costs of social benefits	816,186	727,829
Change in products and work in progress	13,615	63,936
Consumption of raw materials and auxiliary materials	32,583	34,880
Third party services	199,675	172,275
Taxes and charges	13,094	12,215
Other costs	50,830	59,769
Costs of products sold, services, marketing and distribution as well as administrative costs, including:	1,210,912	1,136,109
- manufacturing costs	938,847	883,133
- costs of sales	145,545	139,417
- general costs	127,937	106,123
- exchange differences on liabilities	(1,417)	7,436
I/2 Costs of goods and materials sold	77,654	115,436
I/3 Costs of work execution within the framework of union projects	1,614	2,037
I/4 Total costs of products sold, services, marketing, administrative, goods, materials and work execution within the framework of union projects	1,290,180	1,253,582
II. Costs of social benefits	12 months ended 31 December 2019	12 months ended 31 December 2018
Remuneration	692,958	617,050
Social insurance	109,393	97,124
Social Services Fund	1,832	1,733
Training	3,587	3,768
Health and Safety at Work	1,569	1,214
Other	6,847	6,940
Total	816,186	727,829

3.27. Other Operating Revenues

Other operating revenues and profits	12 months ended 31 December 2019	12 months ended 31 December 2018
Recovered communication damages	115	252
Outdated liabilities	-	3
Dissolving write-offs revaluating receivables	21,108	3,844
Received contractual penalties	-	-
Earnings on disposal on non-financial non-current assets	8,304	12,744
Refund of VAT	195	-
Subsidies	-	-
Remission of liabilities	2,560	-
Other	2,038	3,317
Total	34,320	20,160

3.28. Other Operating Costs

Other operating costs and losses	12 months ended 31 December 2019	12 months ended 31 December 2018
Write-off that revaluates assets (impairment)	84	2
Membership fees	1,216	1,305
Donations	147	255
Loss on non-current assets disposal and decommissioning	221	86
Write-off that revaluates receivables	31,098	40,819
Compensation	1	27
Other	5,413	6,160
Total	38,180	48,654

3.29. Finance Costs – Net

Other operating income and profits	12 months ended 31 December 2019	12 months ended 31 December 2018
Interest expense, including:	(4,737)	(3,797)
- Interest on borrowings	(3,295)	(2,986)
- Other	(1,442)	(811)
Gains on bank deposits	352	667
Gains on disposal of securities	-	-
Gains/(losses) on disposal of financial assets	5,290	6,485
Net gains/(losses) on exchange differences (note 3.31)	(2,816)	(8,762)

Fair value valuation of financial instruments and investment	2,994	(7,968)
Other, including:	(2,097)	(576)
- compensation and financial penalties	-	-
- other	(2,097)	(576)
Total	(1,014)	(13,951)

3.30. Income Tax

	12 months ended 31 December 2019	12 months ended 31 December 2018
Current tax	31,707	34,174
Deferred tax	5,144	(4,145)
Total	36,851	30,029

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 2019	12 months ended 31 December 2018
Consolidated gross profit before tax	142,369	62,480
Differences between gross profit and basis of taxation:		
- Consolidation adjustments	(2,372)	(36,580)
- Exclusions of losses in consolidated companies	69,486	82,889
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)	209,483	108,789
Tax calculated with the nominal rate on gross profit	43,177	26,771
Nominal tax rate	20.61%	24.61%
Permanent and temporary differences between gross profit and the actual basis of taxation, including:	(65,701)	35,880
- Utilisation of previously recognised tax losses	(2,428)	(14,047)
- Differences between basis of taxation and gross profit	(12,123)	137,836
- Income not subject to tax (due to activities in SEZ)	(44,233)	(78,710)
- Income not subject to tax (shareholders are tax payers)	-	-
- Other - income not subject to tax	(6,917)	(9,199)
Taxable base from income tax	143,782	144,669
Tax calculated at tax rate for the Group	31,707	34,174
Effective tax rate	15.14%	31.41%

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.

3.31. Net Foreign Exchange (Looses) / Gains

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

	12 months ended 31 December 2019	12 months ended 31 December 2018
Revenues from sales	(603)	6,952
Costs of products, goods and materials sold	1,417	(7,437)
Finance costs-net	(2,816)	(8,762)
Total	(2,002)	(9,247)

3.32. Earnings per share

	12 months ended 31 December 2019	12 months ended 31 December 2018
Net profit for the period attributable to equity holders of the Company	104,846	30,616
Weighted average number of shares in issue (thousands)	8,133,349	8,133,349
Basic earnings per share (PLN)	12.89	3.76
Diluted number of shares (thousands)	8,133,349	8,133,349
Diluted earnings per share (PLN)	12.89	3.76

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. Basic earnings per share in the column "12 months ended 31 December 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2018, to the 31st of December, 2018, by the weighted average number of shares in issue between the 1st of January, 2018, to the 31st of December, 2018, 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. Diluted earnings per share in the column "12 months ended 31 December 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2018, to the 31st of December, 2018, by the sum of the weighted average number of shares in issue between the 1st of January, 2018, to the 31st of December, 2018, where the number of days is the weight.

3.33. Related-Party Transactions

3.33.1. Revenues from Sales of Goods and Services

	12 months ended 31 December 2019	12 months ended 31 December 2018
Revenues from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC*	-	-
	-	-
Revenues from sales of services:		
SoInteractive S.A.	79	270
Thanks Again LLC*	-	1,056
	79	1,326
	79	1,326

*) On the 6th of December, 2019, Comarch Pointshub Inc. concluded an agreement for the sale of shares in the associated company Thanks Again LLC. The value of the contract was USD 500 thousand (i.e. PLN 1,898,850). As a result of the transaction, Thanks Again LLC was not an associate of the parent company as at 31 December, 2019.

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%).

3.33.2. Purchases of Goods and Services

	12 months ended 31 December 2019	12 months ended 31 December 2018
Purchases of goods:		
SoInteractive S.A.	73	-
Thanks Again LLC*	-	-
	73	-
Purchases of services:		
SoInteractive S.A.		
<i>Included in generation costs</i>	434	1,441
<i>Included in other costs</i>	27	1,341
	461	2,782
Thanks Again LLC*		
<i>Included in generation costs</i>	-	31
<i>Included in other costs</i>	-	-
	-	31
Total	534	2,813

*) On the 6th of December, 2019, Comarch Pointshub Inc. concluded an agreement for the sale of shares in the associated company Thanks Again LLC. The value of the contract was USD 500 thousand (i.e. PLN 1,898,850). As a result of the transaction, Thanks Again LLC was not an associate of the parent company as at 31 December, 2019.

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.

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

	12 months ended 31 December 2019	12 months ended 31 December 2018
Receivables from related parties		
SoInteractive S.A.	52	213
Thanks Again LLC*	-	3
	52	216
Payables to related parties		
SoInteractive S.A.	-	194
Thanks Again LLC*	-	1
	-	195

*) On the 6th of December, 2019, Comarch Pointshub Inc. concluded an agreement for the sale of shares in the associated company Thanks Again LLC. The value of the contract was USD 500 thousand (i.e. PLN 1,898,850). As a result of the transaction, Thanks Again LLC was not an associate of the parent company as at 31 December, 2019.

3.33.4. Transactions with Associates and Personally Related Entities

	12 months ended 31 December 2019	12 months ended 31 December 2018
Purchases from personally related entities	4,380	4,414
Sales to personally related entities	1,578	4,998
Loans and interest on loans paid by personally related entities	1,987	11,405
Loans and interest on loans granted to personally related entities	-	16,703*
Purchases from associates	534	2,813
Sales to associates	79	1,326
Loans and interest on loans paid by associates	2,171	776
Loans and interest on loans granted to associates	300	1,520

*) Position includes loans in the amount of PLN 2,353 thousand granted to Chairman of the Supervisory Board of Comarch S.A. by Bonus Management sp. o.o. II Activia SK-A. and Comarch S.A. At the publication date loans have been fully repaid.

3.34. Value of Remuneration of the Managing and Supervising Persons in 2019 and 2018

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. Remuneration of members of the Management Board of Comarch S.A. in 2018 were PLN 20,396,170.67 in total. Remuneration of members of the Management Board of Comarch S.A. in 2018 paid by subsidiaries and associates were PLN 7,188,110.65 in total.

Remunerations presented in this note include remunerations actually paid in 2019 (including bonuses for the previous periods covered by provisions as at 31st of December, 2018). Remunerations do not include unpaid bonuses for the year 2019 (covered by provisions as at 31st of December, 2019).

2018 (in PLN)

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

	Comarch S.A.'s Supervisory Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Elżbieta Filipiak	240,000.00	1,025,749.70	1,265,749.70
2	Maciej Brzeziński	60,000.00	0.00	60,000.00
4	Robert Bednarski	60,000.00	0.00	60,000.00
5	Danuta Drobniak	60,000.00	0.00	60,000.00
8	Wojciech Kucharzyk	60,000.00	0.00	60,000.00
9	Anna Ławrynowicz	60,000.00	0.00	60,000.00
10	Anna Pruska	60,000.00	19,282.03	79,282.03
	Total	600,000.00	1,045,031.73	1,645,031.73

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	45,000.00
4	Andrzej Przewięźlikowski	0.00
5	Zbigniew Rymarczyk	49,845.00
6	Konrad Tarański	15,912.00
7	Marcin Warwas	15,912.00
Total		3,122,209.50

2019 (w 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

**) 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	1,034,125.50	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 Drobnik	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

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

3.35.1. 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%).

3.35.2. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between the 28th of February, 2020 and the 29th 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 2019, i.e. the 28th of February, 2020, and on the 29th of April, 2020, pursuant to the information possessed by the company.

Members of the Management Board and the Board of Supervisors	Position	At 28 March 2020		At 29 April 2020	
		Shares	(%) in votes	Shares	(%) in votes
Janusz Filipiak	President of the Management Board	1,997,027	36.82	1,997,027	36,82
Elżbieta Filipiak	Chairman of the Board of Supervisors	846,000	27.96	846,000	27,96
Paweł Prokop	Vice-President of the Management Board	30,150	0.45	30,150	0,45
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0,00
Zbigniew Rymarczyk	Vice-President of the Management Board	33,358	0.22	33,538	0,22
Konrad Tarański	Vice-President of the Management Board	10,608	0.07	10,608	0,07
Marcin Warwas	Vice-President of the Management Board	10,608	0.07	10,608	0,07
Number of issued shares		8,133,349	100.00	8,133,349	100.00

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

3.36.1. Deferred Income Tax Asset and Provisions

During the 2019, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2018, and worth PLN 5,453 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 6,571 thousand. An asset due to tax loss was settled in the amount of PLN 39 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 1,161 thousand.

During the 2019, the Group settled an asset created for the zone operations in the amount of PLN 11,162 thousand which were created as at 31st of December, 2018 and at the same time created in the amount of PLN 9,958 thousand (impact on result minus PLN 1,204 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.

The total impact of changes in assets on the Group's 2019 results is minus PLN 43 thousand.

Due to valuation of net assets of CCF FIZ in 2019, a deferred tax provision was increased by PLN 451 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in

the amount of PLN 7,073 thousand and dissolved in the amount of PLN 2,424 thousand. The total effect of the above-mentioned operations on the net result of 2019 was minus PLN 5,100 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 5,143 thousand.

3.36.2. Exchange Rate Differences and Financial Instruments based on Exchange Rates

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 31st of December, 2019, increased revenue and operating profit of Comarch Group by PLN 814 thousand (while during the corresponding period in 2018 decreased by PLN 485 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 2,816 thousand (while during the corresponding period in 2018 decreased by PLN 8,762 thousand). The valuation of financial instruments and realised transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments, increased Comarch Group's net result by PLN 7,697 thousand (while in the corresponding period of 2018 they decreased it by PLN 1,426 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of Comarch S.A. in 2019 amounted to plus PLN 5,695 thousand (minus PLN 10,673 thousand in 2018).

3.36.3. Write-offs for Bad Debts

During the 2019, the Group recognized an impairment loss of trade receivables in the amount of PLN 31,098 thousand and resolved previously created write-offs in the amount of PLN 21,108 thousand due to the payment of the amount due. These operations were included respectively in other operating income and expenses in the profit and loss account. These amounts include additional provisions for receivables in the amount of PLN 6,050 thousand, created after the date of publication of the financial statements for the four quarters of 2019, which the Group decided to create after analysing the impact of the Covid-19 epidemic on the economic and financial situation of some clients.

3.36.4. Conclusion of a Settlement with ZUS regarding the ZUS Agreement KSI

The Management Board of Comarch S.A. informed in current report no. [RB-26-2019](#) (ENG: [RB-26-2019](#)) dated on the 8th of November, 2019, about the conclusion on the 8th of November, 2019, of a settlement between ZUS and Comarch as part of the conciliation procedure ("Settlement"), which is the implementation of the agreement about which the Company informed in current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) of the 27th of August, 2019. The provisions of the Settlement meet the assumptions included in the above mentioned agreement.

Conclusion of a Settlement with ZUS regarding the ZUS Agreement KSI resulted in an increase in the operating result and net result of the Comarch Group for 12 months of 2019 by PLN 24,203 thousand.

3.36.5. Withdrawal of a Request from a Good Performance Guarantee regarding the ZUS KSI Contract

The Management informed in the current report no. [RB-27-2019](#) (ENG: [RB-27-2019](#)) dated on the 13th of November, 2019, about receiving on the 13th of November, 2019, from the bank CaixaBank S.A., a branch in Poland, information about the receipt of a statement from ZUS about the withdrawal of the request from a good performance guarantee regarding the ZUS KSI contract.

3.37. Events after the Balance Sheet Date

3.37.1. Dates of Periodical Financial Reports in 2020

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

- Q4 2019 - on 28th of February, 2020,
- Q1 2020 - on 15th of May, 2020,
- Q3 2020 - on 17th of November, 2020,
- Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2020 - on 28th of August, 2020,
- Annual report for 2019 - on 29th of April, 2020,

Consolidated annual report for 2019 - on 29th of April, 2020.

3.37.2. Operations 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.

3.37.3. 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.

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

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

The Group's Management Board monitors on an ongoing basis the development of the situation related to the continuing effects of the spread of SARS-CoV-2 coronavirus and COVID-19 incidence and their impact on the Group's operations. The Comarch Group companies implemented all guidelines recommended by the Chief Sanitary Inspectorate and other state institutions in the countries of the Group's operational activity, with particular regard to employee's safety, health and hygiene recommendations. Business trips to countries identified by the Chief Sanitary Inspectorate as high risk countries were suspended, direct contacts of employees within the organization were limited, and the remote work mode of office workers was launched on a large scale. Remote communication methods

are commonly used in business contacts. The Management Board of the Group notes that the activities of the Comarch Group are very well diversified in terms of industry, products and geography, and the effects of a pandemic do not currently pose a threat to the financial stability of the company.

The Management Board of the Comarch Group does not exclude that in terms of revenue from sales in individual countries in which the Comarch Group operates, due to the increase in the number of cases and issued recommendations of state authorities regarding mobility reduction and conducting business activity, a temporary decrease in revenue from the sales of offered services and products is possible, but its value is not estimable at the time of publication of this report. The financial results achieved in the coming periods will also be influenced by: the duration of the epidemic, further administrative restrictions in the functioning of states, restrictions imposed on entrepreneurs, the possibility of using aid packages launched by individual countries.

At present, the Management Board of the Comarch Group has not diagnosed significant disruptions in the implementation of existing contracts or significant disruptions in the supply chains of products and materials necessary for the Group's operations. The Management Board of the Comarch Group sees potential threats to maintaining financial liquidity by some contractors from industries particularly affected by the effects of a pandemic (e.g. airlines, tourist and commercial companies). The volatility of exchange rates occurring in connection with the pandemic, in particular the weakening of the PLN exchange rate against EUR and USD will have an impact on the financial results achieved by the Group in first quarter of 2020, in the form of:

- a) positive foreign exchange differences on receivables and cash held by the Group,
- b) negative exchange rate differences on liabilities and due to balance sheet valuations of foreign currency loans and derivative financial instruments.

The Management Board of the Comarch Group does not exclude that the volatility of exchange rates occurring in connection with the pandemic will have an impact on the financial results achieved by the Group in the following quarters of 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 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.

3.37.6. Settlement with One of the Clients

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

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

3.37.7. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2020 and the 29th of April, 2020, Comarch Group concluded forward contracts for the sales of EUR 18,200 thousand and USD 13,000 thousand. The total net value of open forward contracts as of the 29th of April, 2020 amounted to EUR 58,200 thousand and USD 21,900 thousand. The contracts will be settled within 34 months from the balance sheet date. All forward

contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency. The balance sheet valuation of forward contracts as at 31st of March, 2020 amounted to minus PLN 8,881 thousand, while as at 31st of December, 2019, it was plus PLN 7,662 thousand. Such a large change in the balance sheet valuation of forward contracts during the first quarter of 2020 was caused by a significant weakening of the PLN exchange rate against major foreign currencies following the Covid-19 epidemic.

3.37.8. Transaction on Change of IRS

None present.

3.38. 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 47,637 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 44,055 thousand.

3.39. 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 2019, 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 2019	31 December 2018
Equity	970,756	876,108
Total assets	1,842,711	1,665,945
Solvency ratio	53.00%	53.00%

Over 2019, 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 2019, all companies in the Group adhered to the credit agreements' conditions. The Management Board of Parent Company finds no risk of their violation.

29th of April, 2020**SIGNATURES OF MANAGEMENT BOARD MEMBERS**

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

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

NAME AND SURNAME	POSITION	SIGNATURE
Maria Smolińska	Head Accountant	

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COMARCH



**REPORT OF
COMARCH S.A.'s MANAGEMENT BOARD
REGARDING THE ACTIVITIES OF
THE CAPITAL GROUP
IN 2019**

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**PLN 143.5
million of
operating
profit**

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

**PLN 1,437
million of
sales
revenue**

**Over
6,300
professionals
employed**

**56
companies
worldwide**

**PLN 1.5 billion
of Comarch S.A.
capitalisation
on WSE
(31.12.2019)**

**58.7% share of
foreign sales in
revenue from
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, 2019, 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, 2019

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,181,926	14.53	4,565,926	30.18
Other members of the Company's Management Board	84,904	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	3,181,824	39.12	3,181,824	21.03
Total	8,133,349	100.00	15,126,949	100.00

AT THE 29TH OF APRIL, 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	84,904	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	3,517,750	43.25	3,517,750	23.25
Total	8,133,349	100.00	15,126,949	100.00

*) On the 27th of January, 2020, the Management Board of Comarch S.A. received from person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. These transactions concerned a disposal on the 27th of January, 2020, of 335,926 ordinary bearer shares on regulated market at the weighted average price of PLN 198.00 per 1 share (the value of the transaction amounted to PLN 66,513,348.00). The Company announced details in current report no. [RB-2-2020](#) ENG: [RB-2-2020](#), dated the 27th of January, 2020.

In addition, the Management Board of Comarch S.A. received from Mrs. Elżbieta Filipiak a notification referred to Article 19 par. 2 point 1) indent a) Act on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading, and on Public Companies on a change in the share in the total number of votes in Comarch S.A. The current number of votes held by Mrs. Elżbieta Filipiak is 4,230,000, i.e. 27.96% of all votes at the GSM. The company announced details in current report no. [RB-3-2020](#) ENG: [RB-3-2020](#), dated the 27th of January, 2020.

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, 2019:

Name and surname	Position	Comarch S.A.	Metrum Capital S.A.
		Number of shares / nominal value in PLN	Number of shares / nominal value in PLN
Elżbieta Filipiak	Chairman of the Supervisory Board	1,181,926/ 1,181,926 PLN	-
Andrzej Pach	Vice-Chairman of the Supervisory Board	-	-
Danuta Drobniak	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	-	50,000 / 50,000 PLN
Tadeusz Włudyka	Member of the Supervisory Board	-	-

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 Drobniak, 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.

AT THE 29TH OF APRIL, 2020

Name and surname	Position	Comarch S.A.	Metrum Capital S.A.
		Number of shares / nominal value in PLN	Number of shares / nominal value in PLN
Elżbieta Filipiak*	Chairman of the Supervisory Board	846,000/ 846,000 PLN	-
Andrzej Pach	Vice-Chairman of the Supervisory Board	-	-
Danuta Drobniak	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	-	50,000 / 50,000 PLN
Tadeusz Włudyka	Member of the Supervisory Board	-	-

**) On the 27th of January, 2020, the Management Board of Comarch S.A. received from person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. These transactions concerned a disposal on the 27th of January, 2020, of 335,926 ordinary bearer shares on regulated market at the weighted average price of PLN 198.00 per 1 share (the value of the transaction amounted to PLN 66,513,348.00). The Company announced details in current report no. [RB-2-2020](#) ENG: [RB-2-2020](#), dated the 27th of January, 2020.*

In addition, the Management Board of Comarch S.A. received from Mrs. Elżbieta Filipiak a notification referred to Article 19 par. 2 point 1) indent a) Act on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading, and on Public Companies on a change in the share in the total number of votes in Comarch S.A. The current number of votes held by Mrs. Elżbieta Filipiak is 4,230,000, i.e. 27.96% of all votes at the GSM. The company announced details in current report no. [RB-3-2020](#) ENG: [RB-3-2020](#), dated the 27th of January, 2020.

b) Members of Comarch S.A.'s Management Board as at 31st of December, 2019:

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	1,997,027 PLN
Marcin Dąbrowski	Vice-President of the Management Board	-	- 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	33,538	33,538 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 29TH OF APRIL, 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
Marcin Dąbrowski*	Vice-President of the Management Board	n/a	n/a
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	33,538	33,538 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

*) 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.

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 [note 3.16.3](#) and [note 3.33](#) of the financial statement.

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

None present.

2. Basic Economics and Financial Values

2.1. Selected Financial Data

	2019	2018	2017**	2016	2015
Revenues from sales	1,437,423	1,369,619	1,125,110	1,112,813	1,131,580
Revenues from sales of proprietary IT solutions	1,336,083	1,242,114	1,047,393	1,041,133	994,152
Operating profit	143,383	87,543	58,364	116,893	113,028
EBITDA*	228,312	152,748	122,673	179,901	166,511
Profit before income tax	142,369	62,480	87,149	104,777	108,129
Net profit attributable to the Parent Company's shareholders	104,846	30,616	64,626	73,034	79,651
Profit per share	12,89	3,76	7,95	8,98	9,80
Assets	1,842,711	1,665,945	1,508,452	1,444,875	1,304,828
Equity	970,756	876,108	851,190	862,064	780,581

*) 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 2014-2016 have not been restated in accordance with IFRS 15.

In 2019, the revenue from Comarch Group sales were higher by PLN 67,804 thousand, i.e. 5.0% compared to the previous year. Operating profit amounted to PLN 143,383 thousand and was higher by PLN 55,840, i.e. 63.8% compared to that achieved in 2018. Net profit attributable to the Parent Company's shareholders in 2019 amounted to PLN 104,846 thousand and was higher by PLN 74,230

thousand, i.e. 242.5%%. Operating margin amounted to 10.0% (in the previous year 6.4%), net margin was 7.3% (2.2% in 2018).

The value of assets of the Comarch Group at the end of 2019 increased by PLN 176,766 thousand compared to the previous year, i.e. by 10.6%. The value of equity increased in 2019 by PLN 94,648 thousand, mainly as a result of the transfer of retained profit for 2018 to supplementary capital and development of net profit in 2019.



2.2. Employment and Production Capacity of the Group

As at 31st of December, 2019, in Comarch S.A. there were 4,979 employees compared to 4,679 persons as at 31st of December, 2018, while in the Comarch Group number of employees increased to 6,348 persons, compared to 6,040 persons as at 31st of December, 2018.

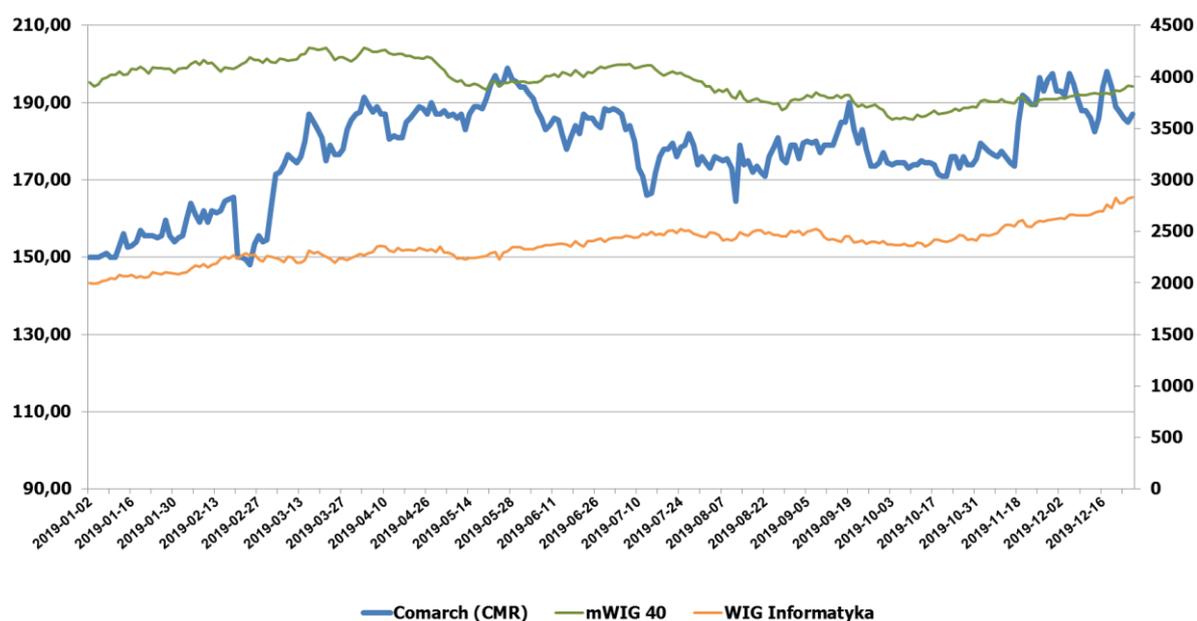
Average employment in the Comarch Group, from 2015 to 2019 is presented in tables below:

Average number of employees	2019	2018	2017	2016	2015
Employment agreement	5,087	4,727	4,393	4,323	4,066
Other form of employment	1,361	1,364	1,245	1,276	1,238
Total	6,448	6,091	5,638	5,599	5,304

Average number of employees	2019	2018	2017	2016	2015
Production employees and technical consultants	5,103	4,797	4,369	4,342	4,104
Marketing and sales	321	298	293	336	339
Management and administrative employees	499	495	458	434	427
Other	525	501	518	487	434
Total	6,448	6,091	5,638	5,599	5,304

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, 2019, 3,544 employees were employed in Krakow, 2,184 in other cities in Poland and 620 abroad.

2.3. Comarch S.A. Stock Price Performance



Period	The highest	The lowest
I quarter of 2019	187.00	148.00
II quarter of 2019	199.00	178.00
III quarter of 2019	190.00	164.50
IV quarter of 2019	199.00	148.00

Between the 1st of January, 2019, and 31st of December, 2019, the closing rate of Comarch S.A. shares increased from PLN 150.00 to PLN 187.00, i.e. by 24.7%. During the year, the maximum closing rate amounted to PLN 199.00

<i>Data in PLN</i>	12 months ended 31 December 2019 / 31 December 2019	12 months ended 31 December 2018 / 31 December 2018
Closing rate at the balance sheet date	187.00	152.00
Average price during the reporting period	177.36	159.96
MIN price during the reporting period	148.00	129.00
MAX price during the reporting period	199.00	197.00
Average volume during the reporting period	3,123	3,236
Capitalization at the balance sheet date	1,520,936,263	1,236,269,049
Ratios for consolidated data		
P/E at the balance sheet date	14.51	40.39
P/BV at the balance sheet date	1.60	1.44
P/S at the balance sheet date	1.06	0.90

3. Products and Services Offered by Comarch in 2019

Comarch is a producer of innovative IT systems for key sectors of economy: telecommunications, finance and banking, public administration, medical, as well as large, small and medium-sized companies. A wide range of the Comarch offer includes ERP-class and financial and accounting systems, CRM systems and loyalty software, sales support, electronic document exchange, electronic banking, IT network management and billing systems, Business Intelligence, security and protection of data, electronic devices and many other solutions. Apart from providing innovative IT solutions to its customers, Comarch is focused on professional customer service and on providing consulting, advisory and integration services as a uniform package, with which our customers can take full advantage of the possibilities offered by modern IT systems.

3.1. Telecommunications Sector

Since 1993 Comarch has specialist telecoms unit providing IT solutions to some of the biggest telecoms brands in the world, including Telefónica, LG U+, Deutsche Telekom, Vodafone, KPN and Orange. Comarch's OSS and BSS solutions help operators in transformations that are aimed at: increase revenue, grow business efficiency, simplify systems, cut costs, enhance the customer experience and build new services and shorten their time to market. Comarch's OSS and BSS solutions have been consistently listed on Gartner's Magic Quadrant report. The Group has also been recognised for its work in the telecoms industry by other analysts, including Forrester, Informa and Frost & Sullivan.

IOT ECOSYSTEM

Comarch IoT Connectivity Management enables mobile operators to provide managed connectivity in multi-national, multi-level and multi-operator environments. The system is 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 device) 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).

Comarch 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

Comarch 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.

Comarch 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 software for invoicing telecommunications services that meets the needs of even the most complex corporate environments. It provides options such as: support for many branches and many departments in the organizational structure, shared settlement with flexible definition of rules based on connection time or type of service, ad hoc data reporting taking into account the current use of baskets consumption, charging based on thresholds, shared packages at the company or branch level, closed user groups, availability of usage and financial data in the middle of the cycle.

Comarch B2B Self-enablement platform is a system for managing telecommunications services for business clients. The portal provides a uniform, comprehensive view of information, so that the customer can check data and statistics related to orders, company data and financial information. In this way, business clients can easily manage even the most complex hierarchies representing their own organizational structure, have access to detailed personalized reports, as well as configure the rules for the distribution of service costs between different company departments, based on usage.

Comarch B2B Sales & Ordering enables to cash potential sales opportunities by providing accurate, automatic and almost immediate valuations. Since the valuation mechanism is completely based on the definition of the offer from the joint Product Catalogue solution, after the negotiation process based on the offer, a contract and order are easily generated.

SUPPORT OF TELECOMMUNICATIONS SERVICES FOR LARGE COMPANIES OPERATING GLOBALLY

Comarch Enterprise Product Catalogue 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.

Comarch 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. This product responds to the needs of corporate clients, enabling free development of rules regarding the costs of individual services, based on configurations managed using the product catalogue.

Comarch 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.

Comarch 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

Comarch 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.

Comarch 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 Self-organizing Network (SON) responds to the challenges associated with the automation of services and synchronization of this process with the business objectives of operators. The concept of self-organizing networks accompanies the implementation of LTE technology and migration to 4G network. The Comarch SON tool enables increasing customer satisfaction by introducing "plug & play", "self-optimization" and "self-healing" network paradigms.

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, as well as 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 ASSURANCE & ANALYTICS

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.

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

Comarch 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.

RESOURCE MANAGEMENT

Comarch 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.

Comarch 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 Network Auto-discovery & Reconciliation provides a 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.

Comarch Network Consolidation for M&A helps telecoms efficiently organize and streamline network planning and consolidation processes in merger and acquisition (M&A) projects.

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 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.

Comarch 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 FOR TELEKOMUNICATION

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. The Comarch offer was built on three foundations: a rich portfolio of business services, comprehensive responsibility for implementation and business results, as well as experience and knowledge of the industry.

Managed Services is a set of services in the field of modernization of the BSS/OSS environment, which translates into improving the efficiency of business processes, reducing costs and maintaining high quality of services. Comarch offers to 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 - services that enable personalization and improvement of the quality of services provided by the operator, as well as directing them to a specific group of recipients. BSS/OSS Transformations support a comprehensive, multi-level transformation of the IT environment based on Comarch products and infrastructure, as well as an open cooperation model. The services enable the creation of a unified, standardized system architecture consistent with the operator's KPIs.

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.

End to End Project Delivery is a set of Comarch services providing the operator with software that effectively integrates with the existing IT environment, including both systems and components from external suppliers, as well as Comarch proprietary solutions. The package provides for the design of some business processes from scratch and ensures complete, secure data migration and uninterrupted efficient operation of systems, and at later stages also support in solving maintenance problems, training for selected employees and systems updates.

3.2. Finance, Banking and Insurance Sector

Comarch Financial Services specializes in developing sophisticated software and IT systems for major financial institutions in banking, insurance and capital markets our clients include Polish and international financial institutions: 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.

PRODUCTS

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 cloud 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 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 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 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 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 mainly for banks, the **Transaction Protection** - tPro Suite package consists of two solutions for client 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 pattern.

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, an in-built WorkFlow module and it is optimised to best reflect business processes and the organisation's structure. 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, and then for transferring recognised data to accounting software, e.g. VAT records.

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 – application used for mobile support of simple warehouse processes. With it the user may execute tasks of goods acceptance and release from the warehouse, record movements of goods among warehouses and perform stock-taking.

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 manufacturing.

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 an appraisal 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 create.

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 ERP Enterprise** - ERP system of the new generation intended for active companies operating on the international markets and using the Internet. Possesses an ergonomic user interface, built-in WorkFlow module and is optimised to best reflect business processes and organisation structure. The system is also available in a service model (SaaS),
- **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 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 HR** – HR and employee settlement system dedicated to support work time management and recruitment processes,
- **Comarch ECM** – system for electronic archiving and document management, enabling companies to implement a fully electronic documents circulation,
- **Comarch eBilanz** – 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 Sector

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

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

COMARCH WORKFLOW - the platform supports the electronic (as well as paper) workflow of documents in enterprises and institutions (industry-specific versions were created for individual entities). The solution enables managing documents in institutions in accordance with the guidelines of office instructions as well as defining and operating any workflow processes and documents. 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 coherent and fully configurable Workflow-class system.

COMARCH E-OFFICE - an online public service platform that allows the implementation of tasks of local government units and central offices. Intuitive tools enable autonomous application management, providing support for content creation and publication processes. The platform includes components: Digital Office, Resident Profile with electronic payment services for obligations to institutions, Public Information Bulletin, Information Portal and Intranet, as well as elements supporting social activity related to servicing the civic budget or issuing opinions on legal acts.

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

COMARCH SECURITY PLATFORM - a solution that combines elements of physical and cyber security. The physical security management system is an innovative solution supporting the security of various types of facilities and protected areas. Our solution integrates multiple security systems such as anti-theft alarms, CCTV, fire alarms and access control, allowing users to manage all the security measures throughout one central security system. Additional elements related to image analysis, information correlation and defined operating procedures allow to increase the automation of the system operation, and thus to increase the security of the protected object or area. Information and threat analysis modules in cyberspace allow the detection and analysis of physical and virtual threats.

COMARCH SMART PARKING - a platform that detects free parking spaces with intelligent video analysis (IVAs) or a sensor network. It also integrates many parking systems in one place. The system supports outdoor, indoor, Park & Ride, city and private parking lots. It enables the generation of operational and management reports as well as statistics on the occupancy of parking spaces thanks to the management portal.

COMARCH ERECORDING - a comprehensive and coherent solution that combines the convenience of using classic audio/video recorders with public address systems and a dedicated application to control the audio/video recording process. The system allows to register meetings, sessions or public appearances along with related metadata and comments that enable efficient searching of the recording during playback. Additional sources of recorded data may be external multimedia data and remote transmissions via video terminals. Comarch eRecording provides (along with recording) a platform-independent multimedia multi-track player.

COMARCH VIDEO TERMINAL - a client of video conference that supports popular connection standards and audio-visual transmission. It is also a suitable complement for Comarch eRecording, as it provides point-to-point connection, and compiles multi-party calls based on the standards and infrastructure of video conferencing bridges of leading suppliers.

3.5. Services Sector

In the Services Sector, Comarch designs, implements and integrates innovative IT solutions for loyalty programs, marketing campaign management, employee motivation management, electronic data interchange, business information, document management and flow within the company, and managing sales process using support systems and mobile applications. The offer also includes a comprehensive range of IT infrastructure management solutions for service companies.

The Services Sector implements projects in 40 countries on five continents. Among our clients are: BMW Bank GmbH, Media Saturn IT Services GmbH, European Organisation for Astronomical Research in the Southern Hemisphere (DE), OMV, BP Europa SE, Tab Limited, Livelio S.A., Valeo Schalter und Sensoren GmbH, Costa Coffee, JetBlue Airways Corporation, Heathrow Airport, S7 Airlines, Brussels Airlines, Etihad.

LOYALTY MANAGEMENT AND MARKETING SOLUTIONS

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

Available solutions:

Comarch Loyalty Management – system for managing loyalty programs, which supports B2C and B2B operators enabling launching of many programs on one platform and service of all areas related to running the program (customer registration, profile management, promotions based on various

conditions, communication with participants, rewarding gifts and offers). The product is also targeted at transport and travel companies, in particular airlines. The platform supports loyalty programs of all types of carriers, both for individual clients (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 - is an advanced loyalty system with a modular structure that allows companies to comprehensively manage the loyalty program lifecycle. The application is available in the service model, based on monthly subscription fees. Comarch customers can use the range of application functionalities after a few days from signing the contract, without a time-consuming process of system implementation. The premise of the Comarch Loyalty Cloud service is to regularly provide clients with functional updates implemented in accordance with the Comarch roadmap.

Comarch Campaign Management - is the solution enabling quick and cost-effective design and launch of customer-oriented marketing campaigns. The system optimizes the campaign planning process, simplifies the management and creation of personalized messages, automates multi-channel communication with customers, and allows you to track the progress of campaigns and dispatch statistics. The solution also helps to coordinate and track the tasks of employees involved in the preparation of the campaign.

Comarch Business Intelligence - the solution supports companies that want to build loyalty strategies through in-depth analysis of large amount of collected data and provide a detailed picture of purchasing patterns, the value of the shopping basket, campaign efficiency and statistics related to the program.

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

Comarch Location Based Services - a modern technology platform enabling highly personalized marketing communication directed through mobile application channels to people, customers, residents or passengers in a given location at a given moment. The solution uses data from geolocation and micro-locations and on this basis sends notifications through native iOS and Android applications. The platform is also equipped with navigation module which allows the user of the mobile application to find the way inside the building. This is very helpful for large facilities, such as shopping malls, hospitals, city offices. Comarch Location Based Services is integrated with the beacons produced by Comarch which enables the user's microlocation to be determined through a Bluetooth channel.

Loyalty Consulting - services creating complete, innovative programs, attracting clients, increasing profits and building a stronger bond between the client and the brand (development of the strategy and concept of the program, ways of rewarding, marketing communication, development of procedures and analysis of IT requirements).

Program Management Services - support in the processes of program organization, creation and selection of marketing service providers, management of relations with strategic partners, day-to-day administration of applications, monitoring of key program performance indicators and activity reports, detection and prevention of 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 the electronic exchange of product, commercial, logistics and financial data, allows companies to achieve measurable benefits such as faster access to information and significant cost reduction.

Available solutions:

Comarch EDI (Electronic Data Interchange) – a B2B2G platform based on cloud technology, which enables fast and secure data exchange between a company and its trading partners. Provides

streamlined data-flow processes throughout the entire supply chain, regardless of geographic region or business sector. More than 650 million documents processed annually.

Comarch MDM (Master Data Management) - a cloud-based, certified product data catalogue (GDSN) that allows you to easily organize, verify and manage product information relevant from the business point of view. It also provides various methods for entering and completing data.

Comarch e-Invoicing - a cloud-based product that complies with the latest legal regulations and streamlines and automates the processes of AP and AR invoicing. By supporting many document formats (including exchange with public administration entities) and distribution channels, it enables the secure and efficient exchange of e-invoices.

Comarch Online Distribution – a modern reporting and communication platform used by manufacturers to improve cooperation with a network of distributors. It automatically creates detailed reports on inventory and resale, using data collected on an ongoing basis from distributor systems.

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

COMARCH ICT

Comarch ICT solutions allow to control company's IT infrastructure in the area of telecommunications, outsourcing or data centres based on global standards and technological partnerships with IT market leaders while ensuring secure data storage.

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

Comarch Cloud Infraspace - is a unified and flexible cloud infrastructure with the highest security standards. The platform contains a wide range of tools supporting applications built on the basis of microservices. The cloud solution provided by Comarch was created to help solve problems related to a lack of computing power, enabling performance adjustment with real demand for IT resources. The solution allows clients to benefit from all the benefits of the cloud, such as lower IT costs, increased company performance and full control over their IT resources while optimizing the reliability of company data and maximizing flexibility. All this in a secure IT environment located in the 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. Utilizing advanced tools, it provides simplified virtualization management and cloud deployment for AIX, IBM and Linux virtual machines.

Comarch IT Services - Due to dynamic changes on the IT infrastructure market, an experienced technology partner is of key importance for business development today. The company's IT environment in the hands of Comarch engineers and analysts is a guarantee of continuity of services tailored to individual customer needs and the required system availability.

Digital (r)evolution is still underway. Joining forces with an experienced technology partner has become a necessity. Putting the IT environment in the hands of Comarch engineers and analysts is a guarantee of the highest efficiency and availability of all systems and applications. As a company with over 25 years of experience, we provide a wide range of IT services designed to meet the needs of our clients - to provide them with appropriate technical and business support.

- **Comarch IT Integration** - services tasked with adapting the client's IT environment to new business and technical requirements. We support clients from the analysis and design stage of a new IT platform, through the delivery of appropriate devices and software, to the implementation phase,

- **IT Outsourcing** - a set of services aimed at optimizing the costs associated with servicing the IT area. The services provide full end-user support (Service Desk and stationary support), 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 (e.g. 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 a customer, providing comprehensive technical support in the field of IT infrastructure monitoring and business applications for all types of enterprises and institutions. It provides customers with current knowledge about the availability and performance of individual components of their IT infrastructure, and helps detect interference before it affects the customer's business.
- **Comarch Network Services** - solutions for creating and maintaining data transmission networks (including WAN / LAN / WLAN). CNMS is a comprehensive product in the area of construction or modernization of existing transmission networks, management and administration of these networks as well as their security.
- **Comarch Service Desk** - available 24/7 multi-channel (and multilingual) single point of contact with a team of IT specialists from Comarch. Providing full support to end users, it is responsible for handling requests, reporting (according to the guaranteed level of service 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 clients to expand their own IT infrastructure resources. Comarch SA has 20 Data Centres around the world.

- **Hosted Managed Services** - transforms the management of data centres and IT departments, providing the necessary technological flexibility and maximizing application performance and availability. We guarantee the suitable specialists, processes, security and technology in the local cloud and networks to optimize data centre services,
- **Comarch PowerHosting** - fully managed services for the IBM Power platform. The comprehensive service in the scope of supplying and maintaining the IBM Power platform is carried out in three models - a virtualized cloud, hosting client equipment in the Comarch Data Centre and remote services implemented on existing client equipment at its headquarters,
- **Mainframe Services** - provides fully managed support and services for Mainframe class systems. Provides technical and business assistance in the process of installation, configuration and maintenance of Db2 products. In addition, we provide consultancy services in the field of capacity management, progress tracking and migration to higher versions of data management software.

3.6. Comarch e-Health

Comarch e-Health offers a comprehensive ecosystem of products, consisting of EHR, Telemedicine, Hospital and Medical AI Clouds. 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.

COMARCH EHR CLOUD

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

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

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

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

It 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 EHR (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

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

It 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.

DIAGNOSTIC POINTS

Comarch Diagnostic Points 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.

REMOTE CARDIAC CARE

It 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

It 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

It 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

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 area includes not only IoT products, but also the so-called Building blocks architecture of these solutions, adapting to many industries, including heavy industry, telecommunications, utilities, medicine, e-mobility, automotive, transport, and many others, where there is a need for the implementation of IoT.

Focusing on high technological development and the requirements of a competitive market, the IoT sector also carries out R&D and short series production of electronics in its own factory floor infrastructure — IoT Plant along with IoT Lab.

Another segment of the sector is professional services, addressed to international customers and encompassing a wide range of industries, in particular the demanding automotive industry. In addition to maintaining safety and quality standards, service activities are in line with the latest trends such as e-Mobility or digitisation.

INTERNET OF THINGS 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.

Industry 4.0 – a set of dedicated products and solutions based on IIoT (Industrial Internet of Things) technology. The use of IIoT components allows for carrying out digitalization in production, including its automation and optimization of processes.

Digitization – 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) – a set of devices and systems dedicated to the medical industry, based on IoT technology. The IoHT architecture consists of “things” (devices), connectivity modules, and a cloud platform. IoHT solutions allow integration with existing systems.

Comarch CareMate – is a digital caregiver, available as an application in conjunction with an integrated Life Bracelet (used to monitor patients, with a GPS locator and the capability to call for help). It offers a modern solution dedicated to the elderly and chronically ill people who need constant monitoring.

Comarch IoT Button – a small, battery-powered device communicating with the IoT Platform, with three types of responses (via the button: short, long and double). Its functionalities allow it to adapt to the countless tasks and needs of a given enterprise, while providing the possibility of integration with already existing systems for digitisation. Based on communication protocols: LTE Cat-M1 / NB-IoT / EGPRS.

Comarch Asset Tracking – a solution for locating devices, things, and people in logistics, industrial, medical and many other spaces. The hardware-side system is based on Comarch radio equipment and modules, processing the collected data in the IoT Platform.

Comarch Smart Lighting – a solution based on Comarch IoT Platform, which enables quick configuration and management of intelligent lighting in the city, public buildings or industry. This solution also uses the Smart Lighting module, which allows to transform the existing lighting infrastructure into a smart system.

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.

Comarch BLE Module – a certified radio module for Bluetooth Low Energy 4.1 (BLE) technology with Comarch software stack, in the form of a PCB for use in a variety of applications, including IoT as a BLE interface.

Comarch Radio Module (IoT MESH) – a certified radio module in MESH technology operating on the 2.4GHz sub-GHz band, based on IEEE 802.15.4. The PCB module for use in a variety of applications, including IoT as a radio interface.

Comarch Smart Lighting Module (CSL) – a certified module for wireless control of lamps, including those made in LED technology. It uses various Comarch radio modules as transport layer. The product is available in several functional variants with different radio interfaces.

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.

Medical Equipment — comprehensive services provided by Comarch IoT Plant and experience in R&D also includes the medical industry. This is where modern medical devices are made, such as Comarch CardioVest (a vest for remote ECG monitoring and cardiac diagnostics).

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 headunit 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 2019, 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 2019 share of none of the product provider exceeded 10% of the value of Comarch sales.

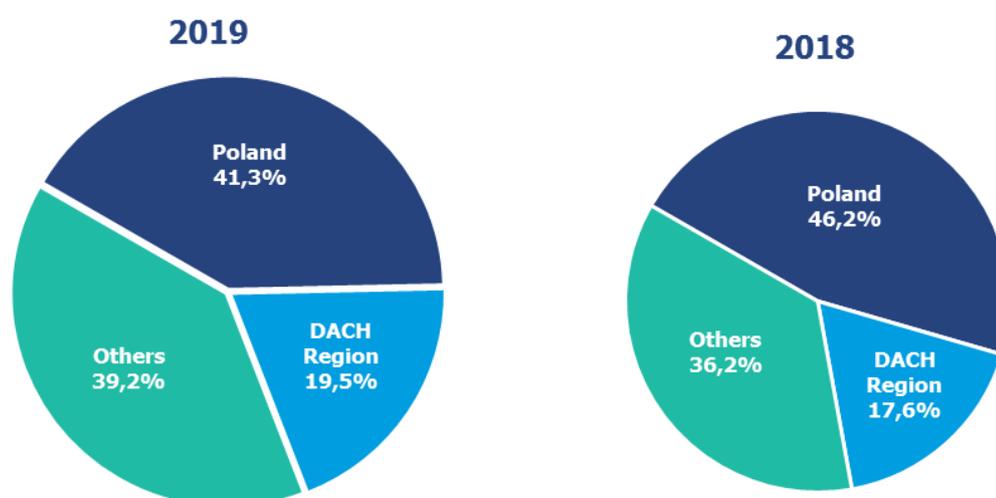
5. Sales Structure

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

	2019	%	2018	%	2017	%
Domestic	594,021	41.3%	632,372	46.2%	462,922	41.1%
Export	843,402	58.7%	737,247	53.8%	662,188	58.9%
Total	1,437,423	100.0%	1,369,619	100.0%	1,125,110	100.0%

In 2019, the Group generated PLN 594,021 thousand of revenue from domestic sales, by PLN 38,351 thousand PLN (i.e. by 6.1%) less than in the corresponding period of 2018. This was due to a significant drop in sales in the public sector in Q2 and Q3 of 2019, partly covered by very good business development in the ERP area in Poland. The value of revenue from export sales in 2019 amounted to PLN 843,402 thousand and were higher by PLN 106,155 thousand (i.e. by 14.4%) than in the previous year. This is mainly due to the increase in sales revenue to clients from the telecommunications, trade and services sectors, as well as in the industry and utilities sector. In the 12 months of 2019, export sales accounted for 58.7% of the total revenue of the Group.

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



	2019	%	2018	%	2017	%
Poland	594,021	41.3%	632,372	46.2%	462,922	41.1%
DACH	279,899	19.5%	241,637	17.6%	249,361	22.2%
Remaining countries	563,503	39.2%	495,610	36.2%	412,827	36.7%
Total	1,437,423	100.0%	1,369,619	100.0%	1,125,110	100.0%

In 2019, the Group's sales in DACH region increased by PLN 38,262 thousand, i.e. 15.8% compared to the previous year and its share in total Group's sales amounted to 19.5%. Other foreign sales increased by PLN 67,893 thousand, which is an increase of 13.7%. Share of other foreign sales in total Group's sales in 2019 amounted to 39.2%.

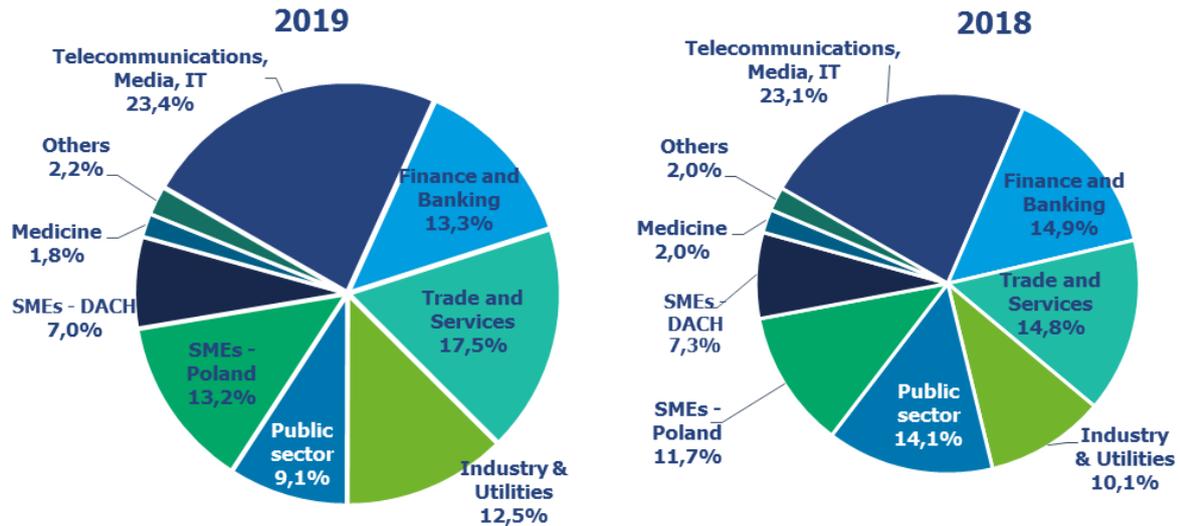
5.2. Revenue from Sales – Market Structure (in thousands of PLN)

	2019	%	2018	%	2017	%
Telecommunication, Media, IT	335,846	23.4%	316,416	23.1%	264,866	23.5%
Finance and Banking	191,054	13.3%	204,532	14.9%	187,168	16.6%
Trade and Services	251,743	17.5%	202,406	14.8%	187,367	16.7%
Industry & Utilities	179,336	12.5%	138,344	10.1%	143,105	12.7%
Public Sector	130,352	9.1%	193,000	14.1%	64,018	5.7%
Small and Medium Enterprises – Poland	190,421	13.2%	160,874	11.7%	136,085	12.1%
Small and Medium Enterprises – DACH	100,411	7.0%	99,568	7.3%	99,771	8.9%
Medical Sector	25,919	1.8%	27,351	2.0%	16,020	1.4%
Others	32,341	2.2%	27,128	2.0%	26,710	2.4%
Total	1,437,423	100.0%	1,369,619	100.0%	1,125,110	100.0%

In 2019, sales revenue of the Comarch Group to clients from the TMT sector amounted to PLN 335,846 thousand, which means an increase of PLN 19,430 thousand (i.e. by 6.1%) compared to 2018. Customers from the finance and banking sector purchased products and services in the amount of PLN 191,054 thousand, lower than in the previous year by PLN 13,478 thousand, i.e. by 6.6%. Sales to customers from the trade and services sector recorded a significant increase (by PLN 49,337 thousand, i.e. by 24.4%), also revenue from sales to recipients from the industry & utilities sector recorded a significant increase, by PLN 40,992 thousand, i.e. by 29.6%. Revenue from sales to recipients from the public sector decreased significantly, by PLN 62,648 thousand, i.e. by 32.5%. This was the result of a much lower value of deliveries of finished goods and third-party hardware to customers from this sector than in 2018. A slight decrease in revenue was recorded in the case of sales to the medical sector (by PLN 1,432 thousand, i.e. by 5.2%). Customers from the SME-Poland sector purchased products and services worth PLN 29,547 thousand, i.e. 18.4% higher than in the corresponding period of last year. Sales to customers from the SME sector in the DACH region remained at a level similar to that achieved in the previous year (PLN 100,411 thousand, i.e. +0.8%). Revenue from sales to other customers increased by PLN 5,213 thousand, i.e. by 19.2%.

The structure of sales remained stable during the financial year.

The business situation in 2019 confirmed that the diversity of the offer and maintaining the industry and geographical diversification of revenue sources is beneficial for the stable development of the Comarch Group's activity.

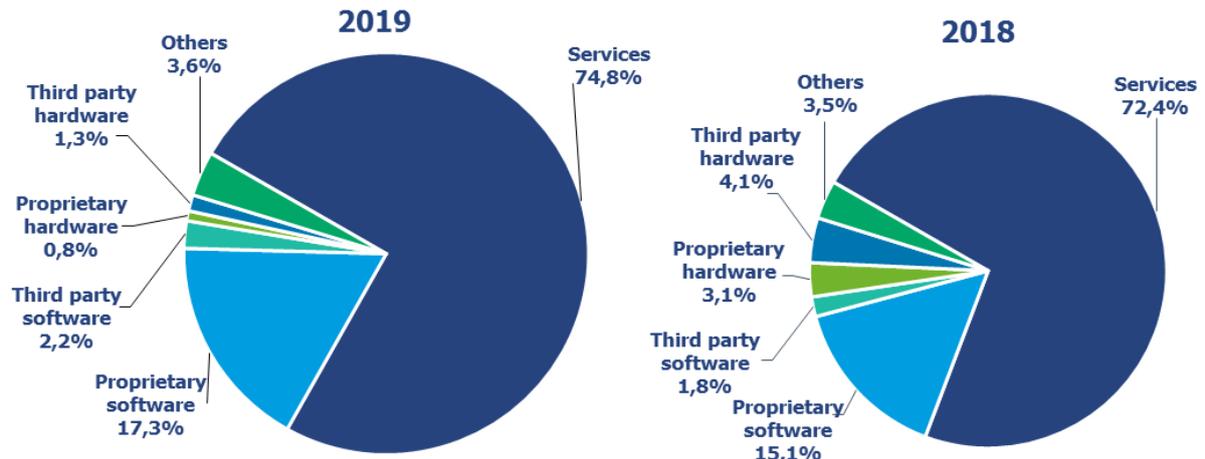


5.3. Revenue from Sales – Products Structure (in thousands of PLN)

	2019	%	2018	%	2017	%
Services	1,074,965	74.8%	992,627	72.4%	871,415	77.4%
Proprietary Software	249,442	17.3%	207,271	15.1%	175,174	15.6%
Third party Software	30,997	2.2%	24,041	1.8%	13,475	1.2%
Finished goods	11,676	0.8%	42,216	3.1%	804	0.1%
Hardware	19,134	1.3%	55,728	4.1%	10,096	0.9%
Others	51,209	3.6%	47,736	3.5%	54,146	4.8%
Total	1,437,423	100.0%	1,369,619	100.0%	1,125,110	100.0%

During the 12 months of 2019, the products structure of sales revenue of the Comarch Group changed significantly compared to that recorded in 2018. Revenue from sales of IT services increased by PLN 82,338 thousand, i.e. by 8.3%. Revenue from sales of proprietary software also increased significantly, by PLN 42,171 thousand, i.e. by 20.3%. The increase in the value of revenue from services and proprietary software was the result of the acquisition in 2018 and the implementation in 2019 of contracts of significant value, especially in the telecommunications and trade and services areas (contracts converted according to IFRS 15). Revenue from sales of third-party software increased by PLN 6,956 thousand, i.e. by 28.9%. The sales of own finished goods significantly decreased compared to last year (by PLN 30,540 thousand, i.e. by 72.3%). The sales of third-party hardware behaved similarly, with a decrease in revenue of PLN 36,594 thousand (i.e. of 65.7%). In both cases, this was the result of a lower value of deliveries of finished goods and third-party hardware to the public sector in 2019. In the 12 months of 2019, other sales increased by PLN 3,473 thousand, i.e. by 7.3%.

Over the whole 2019, sales structure by products remained stable.



6. Factors Essential for Development of the Comarch Group

6.1. Internal Factors

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

6.2. External Factors

- a) Enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as Comarch S.A., which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- b) Increased significance of mobile technologies broadly used in IT solutions for all groups of customers;
- c) Change in business models in many branches as well as change in business strategies of many companies related to technological progress and economic growth, which shape the demand for new IT systems, broadening software sales in the cloud computing model means an increase in capital and resources requirements for IT companies;
- d) An access of Polish companies to resources from structural funds related to Polish membership in European Union that will be dedicated in part to develop IT systems and finance research and development works;

- e) Growing competition, causing decrease in achieved margins; competition between IT companies;
- f) Continued pressure on increase in remuneration in IT sector; number of graduates from technical universities having IT skills decreases;
- g) Growing competition on the local labour market in IT sector in Krakow and other locations where the Company conducts its business;
- h) The international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services;
- i) Exchange rate levels fluctuations, especially EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN, which affect the profitability of export sales;
- j) The international economic situation, in particular in Europe, which influences the demand for IT products and services on this market, as well as the financial credibility of the customers in this region;
- k) The international political situation, including increasing risk of terrorist attacks in places of project management complicates their implementation;
- 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 [2.3.2.](#) 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 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.](#) 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 2020

In 2019, the demand for IT services and IT products has increased, with changes in its structure. The Group observed an increase in demand for solutions for telecommunication sector, industry & utilities sector, trade and services sector as well as, for ERP products, with a simultaneous decrease in sales to the public and financial and banking sectors. The Group's backlog now ensures full use of its production capacity in several subsequent periods.

The Comarch Group's operations in 2020 will be significantly affected by the 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. As at the date of this report, the operational activity of the Company and the Comarch Capital Group is conducted without any disruptions. The Comarch Group implemented all guidelines recommended by the Chief Sanitary Inspectorate and other state institutions in the countries of the Group's operational activity, with particular regard to employee's safety, health and hygiene recommendations. Business trips to countries identified by the Chief Sanitary Inspectorate as high-risk countries were suspended, direct contacts of employees within the organization were limited, and the remote work mode of office workers was launched on a large scale. Remote communication methods are commonly used in business contacts. The Management Board of the Group notes that the activities of the Comarch Group are very well diversified in terms of industry, products and geography, and the effects of a pandemic do not currently pose a threat to the financial stability of the company.

In terms of revenue from sales, in individual countries in which the Comarch Group operates, due to the increase in the number of cases and issued recommendations of state authorities regarding mobility reduction, a temporary decrease in revenue from the sales of offered services and products is possible, but its value is not estimable at the moment. The financial results achieved in the coming periods will also be influenced by: the duration of the epidemic, further administrative restrictions in the functioning of states, restrictions imposed on entrepreneurs, the possibility of using aid packages launched by individual countries, as well as fluctuations in exchange rates and the financial condition of the Group's clients.

The development of the political and economic situation in Poland and in the world, as well as the situation on the labour market will also have a decisive impact on Comarch Group's operations and financial results in 2020. Thanks to consistently executed strategy of positioning itself on the market as a technological and product-based Company, Comarch's offer is very well diversified. Customer base is constantly expanding and a considerable part of them are international companies, what allows to continue the development of the Company. Dynamically developing activity of Comarch Group in international markets additionally increases sales volume and enhance the image of Comarch among international corporations, thus strengthening the competitive position of enterprise. It also means the need to make numerous capital investment abroad Poland (principally through the establishment of foreign subsidiaries). Execution of Comarch strategy largely depends on macroeconomic conditions, beyond the Company, especially on the level of IT investments by medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector and labour market becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. An opportunity for the Group is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch Group thanks to the wide range of its

own products, owned infrastructure and human and capital resources can flexibly adapt to business models expected by customers.

The most important 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	31 December 2019	%	31 December 2018	%	Change	Change %
ASSETS						
Non-current assets						
Property, plant and equipment	539,635	29.3%	551,063	33.1%	-11,428	-2.1%
Investment real estates	73,636	4.0%	-	-	73,636	100.0%
Goodwill	36,631	2.0%	32,683	2.0%	3,948	12.1%
Other intangible assets	40,735	2.2%	42,197	2.5%	-1,462	-3.5%
Non-current prepayments	56,311	3.1%	59,447	3.6%	-3,136	-5.3%
Investment in associates	2,486	0.1%	2,834	0.2%	-348	-12.3%
Other assets at fair value	570	0.0%	1,520	0.1%	-950	-62.5%
Other investment	2,739	0.1%	935	0.1%	1,804	192.9%
Deferred income tax assets	211	0.0%	211	0.0%	0	0.0%
Other receivables	35,002	1.9%	35,045	2.1%	-43	-0.1%
Non-current assets	8,782	0.5%	20,906	1.3%	-12,124	-58.0%
	796,738	43.2%	746,841	44.8%	49,897	6.7%
Current assets						
Inventories	90,741	4.9%	97,198	5.8%	-6,457	-6.6%
Trade and other receivables	430,182	23.3%	435,372	26.1%	-5,190	-1.2%
Current income tax receivables	3,554	0.2%	2,555	0.2%	999	39.1%
Long-term contracts receivables	193,865	10.5%	134,800	8.1%	59,065	43.8%
Available-for-sale financial assets	-	-	-	-	-	-
Other financial assets at fair value – derivative financial instruments	4,923	0.3%	3,264	0.2%	1,659	50.8%
Stock or shares	-	-	-	-	-	-
Cash and cash equivalents	322,708	17.5%	245,915	14.8%	76,793	31.2%
	1,045,973	56.8%	919,104	55.2%	126,869	13.8%
Available-for-sale financial assets	-	-	-	-	-	-
Total assets	1,842,711	100.0%	1,665,945	100.0%	176,766	10.6%

The value of assets of the Comarch Group at the end of 2019 increased by PLN 176,766 thousand, i.e. by 10.6%. The value of non-current assets at the end of 2019 increased by PLN 49,897 thousand, i.e. by 6.7% compared to 2018. The increase in the value of non-current assets was mainly due to the recognition in the balance sheet of the value of assets due to the right of use, created as a consequence of the IFRS 16 implementation for the first time, from the 1st of January, 2019. As at 31st of December, 2019, the value of the asset due to the right of use amounted to PLN 73,636 thousand, while as at 1st of January, 2019 it amounted to PLN 74,402 thousand. The amount of depreciation from the asset due to the right to use in 2019 amounted to PLN 18,629 thousand. In addition, the increase in the value of investment property from PLN 32,683 thousand to PLN 33,631 thousand (an increase of 12.1% compared to 2018) and an increase in other financial assets at fair value of PLN 1,804 thousand (i.e. of 192.9%), contributed to increase of value of non-current assets. The value of other receivables decreased by PLN 12,124 thousand (i.e. by 58.0%) due to the repayment of a significant part of the granted loans. Property, plant and equipment also decreased by PLN 11,428 thousand, i.e. by 2.1% compared to last year, due to planned depreciation write-offs. Other intangible assets decreased by PLN 3,136 thousand (i.e. by 5.3%). Investments in associates decreased by PLN 950 thousand, i.e. by

62.5%. The share of other items of non-current assets remains at a level comparable to 2018. The value of current assets increased by PLN 126,869 thousand, i.e. by 13.8% compared to last year's level. The value of cash and cash equivalents increased the most: by PLN 76,793 thousand, i.e. by 31.2%. On the next stage, the increase was recorded in the value of revenues due to long-term contracts, of PLN 59,065 thousand, i.e. of 43.8%, which is the effect of the Group's implementation of large projects acquired during 2019. The increase was also recorded in the value of derivative instruments (of PLN 1,659 thousand, i.e. of 50.8%) and current income tax receivables – an increase of PLN 999 thousand, i.e. of 39.1%. The value of inventories and trade receivables decreased, respectively, by PLN 6,457 thousand, i.e. by 6.6%, and by PLN 5,190 thousand, i.e. by 1.2% compared to the last year.

EQUITY AND LIABILITIES	31 December 2019	%	31 December 2018	%	Change	Change%
EQUITY						
Capital attributable to the company's shareholders						
Share capital	8,133	0.4%	8,133	0.5%	0	0.0%
Other capital	143,041	7.8%	143,041	8.6%	0	0.0%
Exchange differences	10,168	0.6%	8,837	0.5%	1,331	15.1%
Net profit for the current period	790,781	42.9%	698,135	41.9%	92,646	13.3%
	952,123	51.7%	858,146	51.5%	93,977	11.0%
Minority interest	18,633	1.0%	17,962	1.1%	671	3.7%
Total	970,756	52.7%	876,108	52.6%	94,648	10.8%
LIABILITIES						
Non-current liabilities						
Credit and loans	141,718	7.7%	175,010	10.5%	-33,292	-19.0%
Other liabilities	4,998	0.3%	9,801	0.6%	-4,803	-49.0%
Lease liabilities	59,001	3.2%	-	-	59,001	-
Financial liabilities at fair value – derivative financial instruments	2,909	0.2%	1,338	0.1%	1,571	117.4%
Other financial liabilities	-	0.0%	410	0.0%	-410	-100.0%
Provision due to deferred income tax	48,725	2.6%	43,625	2.6%	5100	11.7%
Provisions due to other liabilities and charges	-	-	-	-	-	-
	257,351	14.0%	230,184	13.8%	27,167	11.8%
Current liabilities						
Trade and other liabilities	191,770	10.4%	182,502	11.0%	9,268	5.1%
Current income tax liabilities	8,765	0.5%	9,007	0.5%	-242	-2.7%
Invoiced revenues for long-term contracts	172,831	9.4%	163,818	9.8%	9,013	5.5%
Credit and loans	41,091	2.2%	40,267	2.4%	824	2.0%
Lease liabilities	15,730	0.9%	-	-	15,730	-
Financial liabilities at fair value – derivative financial instruments	-	-	479	0.0%	-479	-100.0%
Other financial liabilities	4,009	0.2%	328	0.0%	3,681	1,122.3%
Provisions for other liabilities and charges	180,408	9.8%	163,252	9.8%	17,156	10.5%
	614,604	33.4%	559,653	33.6%	54,951	9.8%
Total liabilities and charges	871,955	47.3%	789,837	47.4%	82,118	10.4%
Total equity and liabilities	1,842,711	100.0%	1,665,945	100.0%	176,766	10.6%

In 2019, the share structure of equity and liabilities did not change significantly, as compared to 2018. Due to the good result of the net profit for the current period, the value of equity increased in 2019 by 11.0%. There was a slight increase in the minority interest (PLN 18,633 thousand compared to PLN 17,962 thousand in 2018). The share of equity attributable to the company's shareholders in the liabilities structure remained at a similar level (51.7% compared to 51.5% in 2018). Liabilities constituted 47.3% of total equity and liabilities (47.4% a year earlier). Their value increased by PLN 82,118 thousand, i.e. by 10.4% compared to the last year. This increase was caused by the recognition in the balance sheet of lease liabilities, as a result of the implementation of IFRS 16 for the first time, from the 1st of January, 2019. The total value of non-current and current lease liabilities as at 31st of December, 2019 amounted to PLN 74,731 thousand, while as at 1st of January 2019 it was PLN 74,402 thousand. The increase of value of equity and liabilities was also caused by: increase in the value of provisions for other liabilities and charges by PLN 17,156 thousand, i.e. 10.5% (including financial rewards and remuneration), increase in the value of liabilities due to long-term contracts (increase by PLN 9,013 thousand, i.e. 5.5%), increase in trade liabilities and other liabilities (increase by PLN 9,268 thousand, i.e. 5.1%). The biggest decrease concerned credits and loans in the long-term part (of PLN 33,292 thousand, i.e. 19%), mainly as a result of regular repayments of bank loans related to infrastructure investments implemented by Comarch. Other decreases were related to current tax liabilities (decrease by PLN 242 thousand, i.e. 2.7%).

Debt analysis	2019	2018	2017	2016	2015
Debt ratio	9.9%	12.9%	14.9%	12.1%	10.6%
Debt/equity ratio	19.2%	25.1%	26.9%	20.6%	17.9%

Debt ratios in 2019 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 52.7% and with external means in 47.3%.

	2019	%	2018	%	Change	Change %
Revenue	1,437,423	100.0%	1,369,619	100.0%	67,804	5.0%
Cost of sales	-1,016,698	-70.7%	-1,008,042	-73.6%	-8,656	0.9%
Gross profit	420,725	29.3%	361,577	26.4%	59,148	16.4%
Other operating income	34,320	2.4%	20,160	1.5%	14,160	70.2%
Sales and marketing costs	-145,545	-10.1%	-139,417	-10.2%	-6,128	4.4%
Administrative expenses	-127,937	-8.9%	-106,123	-7.7%	-21,814	20.6%
Other operating expenses	-38,180	-2.7%	-48,654	-3.6%	10,474	-21.5%
Operating profit	143,383	10.0%	87,543	6.4%	55,840	63.8%
Finance revenue -net	-1,014	-0.1%	-13,951	-1.0%	12,937	-92.7%
Share of profit / (loss) of associates	-	-	-11,112	-0.8%	11,112	-100.0%
Profit before income tax	142,369	9.9%	62,480	4.6%	79,889	127.9%
Income tax expense	-36,851	-2.6%	-30,029	-2.2%	-6,822	22.7%
Net profit for the period	105,518	7.3%	32,451	2.4%	73,067	225.2%
Attributable to:						
Shareholders of the Parent Company	104,846	7.3%	30,616	2.2%	74,230	242.5%
<i>Interests not entitled to control</i>	<i>672</i>	<i>0.0%</i>	<i>1,835</i>	<i>0.1%</i>	<i>-1,163</i>	<i>-63.4%</i>

In 2019, the Comarch Group generated sales revenue which amounted to PLN 1,437,423 thousand. They were higher by 67,804 thousand, i.e. by 5% than in 2018. The operating result reached PLN 143,383 thousand and was higher by PLN 55,840 thousand, i.e. 63.8% than in 2018. The value of other operating income increased significantly (by PLN 14,160 thousand, i.e. by 70.2%), mainly as a result of the sales of other intangible assets and the result of the release of provisions for receivables, compensations and contractual penalties. The value of other operating expenses decreased in 2019 by PLN 10,474, i.e. by 21.5%, mainly as a result of the lower value of provisions for receivables, contractual penalties and compensations. The valuation of financial instruments and share of losses of associates had a much smaller impact on the Group's net result than in the previous year. The net result attributable to the shareholders of the parent company amounted to PLN 104,846 thousand and was higher by PLN 74,230 thousand than in 2018.

Profitability analysis	2019	2018	2017	2016	2015
Margin on sales	29,3%	26,4%	26,0%	31,3%	30,1%
EBIT margin	10,0%	6,4%	5,2%	10,5%	10,0%
Gross margin	9,9%	4,6%	7,7%	9,4%	9,6%
Net margin	7,3%	2,2%	5,7%	6,6%	7,0%

In 2019, the margin on sales and EBIT margin increased to 29.3% and 10.0%, respectively. Return on gross sales and net sales reached 9.9% and 7.3% respectively. Operating margin of Comarch Group and net margin stayed in 2019 at a satisfactory level.

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

- increase in revenue from export sales of PLN 106,155 thousand (i.e. of 14.4%), which was achieved mainly due to higher sales of IT solutions to telecommunication, trade and services and industry and utilities sectors for European countries and in Asia,

- decrease in revenue from domestic sales (by PLN 38,351 thousand, i.e. by 6.1%), which was mainly the result of a lower value of Comarch finished goods deliveries to the public sector in 2019,
- increase in operating expenses, resulting from wage pressure in the IT sector - the basic wage bill in the Comarch Group in the reporting period increased by 12.9% compared to 12 months 2018,
- taking into account in the third quarter of 2019 a conclusion of a settlement with ZUS regarding the ZUS KSI Agreement, which increased the Group's operating and net results by PLN 24,203 thousand,
- high value of current income tax for 2019, which amounted to PLN 31,707 thousand was the result of high profitability of operations of the Group companies in Poland, Germany, Great Britain and Russia,
- profit from the sale of non-financial non-current assets, which increased other operating income and operating result of the Group by PLN 8,304 thousand and was achieved mainly by MKS Cracovia SSA in first quarter of 2019,
- high value of created write-offs for doubtful trade receivables, mainly related to operations in the Middle East and South America. They reduced the Group's operating and net result in 2019 by PLN 9,989 thousand,
- application of the IFRS 15 accounting standard, as a result of which a portion of the revenues obtained from the sale of Comarch software licenses is settled over time, in accordance with the stage of completion of the projects. The value of the correction in this respect in 2019 amounted to plus PLN 31,093 thousand,
- application of the IFRS 16 accounting standard for the first time in 2019, which caused the increase in the value of depreciation, and thus the value of EBITDA, by PLN 18,629 thousand in 2019,
- positive exchange rate differences on the balance sheet valuation of receivables and liabilities, related to the weakening of the PLN exchange rate against foreign currencies, which increased the operating result in the described period by PLN 814 thousand,
- a negative balance sheet valuation of financial instruments, credits and loans contracted in foreign currencies, as well as lease liabilities valued in accordance with IFRS 16, whose value in the described period amounted to minus PLN 499 thousand.

Costs associated with software development in the field of telecommunication, e-Health and Comarch Cloud platform will have in subsequent periods a significant impact on the increase in operating expenses and a decrease in the current financial result of the Comarch Group, while they will contribute in the future to increase of revenues generated in these business areas.

The financial results achieved on the Group's core activity, confirm the effectiveness of Group's strategy – a strategy that is based on:

- 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	2019	2018	2017	2016	2015
Current ratio	1.7	1.6	1.8	2.0	1.9
Quick ratio	1.2	1.2	1.4	1.7	1.7
Cash to current liabilities ratio	0.5	0.4	0.5	0.6	0.6

In 2019, 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	2019	2018	2017	2016	2015
Current assets turnover ratio	1.4	1.5	1.5	1.5	1.6
Receivable turnover ratio (days)	109	115	126	133	125
Inventories turnover ratio (days)	69	37	162	36	18
Liabilities turnover ratio (days)	189	173	197	189	173
Liabilities turnover excluding liabilities due to investment credit ratio (days)	187	159	144	142	134

The turnover ratios confirm the effective use of Comarch Group funds. At the end of 2019, the value of costs of sold goods and materials was lower compared to 2018, with a similar level of inventories and semi-finished products, which translated into an increase 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.

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

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

$$\text{Quick Ratio} = \frac{\text{Trade and Other Receivables} + \text{Cash and Cash Equivalents} + \text{Available-for-Sale Assets}}{\text{Current Liabilities}}$$

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

Turnover Analysis

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

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

$$\text{Inventories Turnover Ratio (days)} = \frac{(\text{Inventories-production in progress}) * 360}{\text{Costs of Sold Goods and Materials}}$$

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

$$\text{Liabilities Turnover Ratio excluding Liabilities due to Bonds and Investment Credit (days)} = - \frac{(\text{Liabilities} - \text{Credits and Loans}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

10. Credits, Loans, Suretyships, Guarantees and Significant Off- Balance Sheet Items

10.1. Non-Revolving Credits

As at the 31st of December, 2019, the Group had liabilities due to credits and loans in the amount of PLN 173,266 thousand.

In 2019, 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	BGŻ BNP Paribas Bank Polska S.A.	44,000	PLN	2,919 (3,563 as at 31 st of December, 2018)	EUR	12,432 (15,320 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	902 (1,418 as at 31 st of December, 2018)	EUR	3,840 (6,099 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. nonrevealing operating credit	Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	7,400	EUR	953 (1,910 as at 31 st of December, 2018)	EUR	4,057 (8,212 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	6,507 (8,188 as at 31 st of December, 2018)	EUR	27,711 (35,209 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	mortgage on the SSE6 building, assignment of rights from the building's insurance policy, assignment of rights from the guarantee of due performance and guarantee of the warranty, declaration on submission to enforcement
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	12,920 (13,333 as at 31 st of December, 2018)	EUR	55,018 (57,330 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
Comarch S.A.	Bank Handlowy w Warszawie S.A.	2,508	EUR	0	EUR	0	PLN	EURIBOR1M + bank margin	30 th of September, 2019	Declaration of submission to enforcement

nonrevealing operating credit				(1,188 as at 31 st of December, 2018)		(5,109 as at 31 st of December, 2018)		IRS till the 30 th of September, 2019		
Comarch S.A.	DNB Bank Polska S.A.	2,531	EUR	1,400	EUR	5,961	PLN	EURIBOR1M + bank margin	30 th of December, 2023	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, declaration on submission to enforcement
Non-current assets - equipment of Internet of Things laboratory in Krakow				(1,751 as at 31 st of December, 2018)		(7,529 as at 31 st of December, 2018)				
Bonus Development Sp. z o.o. SK-A	Bank Polska Kasa Opieki S.A.	9,262	EUR	6,680	EUR	28,448	PLN	EURIBOR1M + bank margin	31 st of May, 2030	mortgage on an office building in Łódź, a statement by Bonus Development Sp. z o.o. SK-A on submission to enforcement, assignment of rights from the insurance policy of an office building in Łódź, assignment of rights from the guarantee of due performance and warranty guarantee, assignment of rights under the lease of the financed property concluded with Comarch SA, surety from Comarch SA, declaration on submission to enforcement Comarch SA.
Office building in Lodz				(7,346 as at 31 st of December, 2018)		(31,586 as at 31 st of December, 2018)		IRS till the 31 st of May, 2030		
Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	8,000	EUR	4,908	EUR	20,900	PLN	EURIBOR3M + bank margin	18 th of September, 2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the
Data centre in Lille in France				(6,218 as at 31 st of December, 2018)		(26,736 as at 31 st of December, 2018)				
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	3,500	EUR	3,499	EUR	14,899	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
Comarch infrastructure modernization program				(1,399 as at 31 st of December, 2018)		(6,016 as at 31 st of December, 2018)				

10.2. Revolving Credits

As at the 31st of December, 2019, the Group had liabilities due to current credit lines in the amount of PLN 60,000 thousand, the limits have not been used.

In 2019, 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

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2020	declaration of submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2020	declaration of submission to enforcement
Comarch S.A.	mBank S.A.	Financing operating activities	10,000	PLN	0	PLN	WIBOR O/N + bank margin	17 th of March, 2020	declaration of submission to enforcement

10.3. Loans

10.3.1. Loans Received from Companies in the Comarch Group

As at 31st of December, 2019, Comarch S.A. held liabilities due to unpaid capital of loans from unrelated entities in the amount of PLN 9,543 thousand.

Debtor / Subject of the funding	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	Currency			
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			4,850 (7,463 as at 31 st of December, 2018)	PLN	fixed	1 st of March, 2022	-
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			0 (766 as at 31 st of December, 2018)	PLN	fixed	31 st of January, 2019	-
Comarch Polska S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			2,144 (2,991 as at 31 st of December, 2018)	PLN	fixed	1 st of May, 2022	Comarch S.A. guarantee
Comarch S.A.		1,474	PLN			0	PLN	fixed		-

Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.					(737 as at 31 st of December, 2018)			1 st of July, 2019	
Comarch S.A.						1,944				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			(2,745 as at 31 st of December, 2018)	PLN	fixed	1 st of May, 2022	-
Comarch Polska S.A.						0				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,200	PLN			(900 as at 31 st of December, 2018)	PLN	fixed	1 st of September, 2019	Comarch S.A. guarantee
Comarch S.A.						0				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	999	PLN			(999 as at 31 st of December, 2018)	PLN	fixed	1 st of December, 2019	-
Comarch S.A.						605				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,814	PLN			(0 as at 31 st of December, 2018)	PLN	fixed	1 st of May, 2020	-

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

As at 31st of December, 2019, there are no unpaid loans to managing and supervising persons. As at the date of publication of the 2019 report, there are no unpaid loans to members of the management board and supervisory bodies.

10.3.3. Loans Granted to Employees of Comarch Group

As at 31st of December, 2019, 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 2019, 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 granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsischse AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The

surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.

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

for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.

- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch 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.

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

10.5. Bank Guarantees

On the 31st of December, 2019, 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 90,725 thousand, whereas it was PLN 81,163 thousand on 31st of December, 2018.

On the 31st of December, 2019, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 0 thousand, whereas it was PLN 63 thousand on 31st of December, 2018.

On the 31st of December, 2019, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand (PLN 1,668 thousand), whereas it was EUR 392 thousand (PLN 1,673 thousand) on the 31st of December, 2018.

On the 31st of December, 2019, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (PLN 68 thousand), whereas it was EUR 16 thousand (PLN 69 thousand) on the 31st of December, 2018.

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

11. The Most Important Events in 2019 and after the Balance-Sheet

11.1. Contracts Significant for Issuers' Activities

11.1.1. Signing by MKS Cracovia S.A. Contract for the "Construction of the South Poland Training and Research Centre for the School of Sports Championship and Cracovia"

The Management informed in the current report no. [RB-8-2019](#) (ENG: [RB-8-2019](#)) dated on the 21st of May, 2019 about signing, on 21st of May, 2019, contract between MKS Cracovia SSA (hereinafter: "Employer"), a subsidiary of the issuer, and Przedsiębiorstwo Budowlano-Produkcyjne ŁĘGPRZEM Spółka z o.o. (hereinafter referred to as the "Contractor") for "The construction of the South Poland training and research centre for the Sports Championship School and Cracovia" (hereinafter "the Agreement") in Rączna in borough Liszki, province Lesser Poland. The subject of the Agreement is the construction of a football training and research centre, in particular the construction of football pitches and stands, the construction of a football training building, along with the infrastructure and development of the investment. The training centre will be used mainly for training of children and youth up to 23 years of age. The contract value is PLN 38,455,451.73. The deadline for completing the subject of the Contract is 14 months from the date of signing the Contract. The Management Board of Comarch S.A. considered this information as confidential due to its significant impact on the level of investment expenditures of the Comarch Group.

11.1.2. Annex to the Investment loan Agreement with CaixaBank S.A.

In reference to the current report no. [RB-14-2018](#) (ENG: [RB-14-2018](#)), of the 24th of August, 2018, of the signing on the 24th of August, 2018, by Comarch S.A. of an investment credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance expenditures related to the implementation of modernization works on the Comarch S.A. office infrastructure, the Management Board of Comarch S.A. informed on the 19th August, 2019, in the current report no. [RB-23-2019](#) (ENG: [RB-23-2019](#)) about the conclusion of an annex changing the deadline for using the loan from the 23rd of August, 2019, to the 31st of December, 2019.

AFTER THE BALANCE SHEET DATE

11.1.3. 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 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.

11.2. Other

11.2.1. ZUS statement on the partial termination of the contractual relationship arising from the contract for the provision of maintenance services of the Comprehensive IT System of the Social Insurance Institution

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

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

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

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

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

11.2.2. Demand for Payment of a Good Performance Guarantee Regarding the ZUS KSI Contract

On the 11th of April, 2019, the Management Board of Comarch S.A. informed in current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)) about receiving from CaixaBank S.A. branch in Poland, an information on the submission by the Social Insurance Institution (ZUS) of a request for payment of a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement") in the amount of PLN 24,203,300.40.

The bank guarantee was established on behalf of a consortium of Comarch S.A. and Comarch Polska S.A. in accordance with the provisions of the KSI ZUS Agreement, about which the Company informed in the current report [RB-4-2018](#) (ENG: [RB-4-2018](#)), dated 2nd of March, 2018. In connection with the bank being requested to withdraw from the bank guarantee Comarch Group created a reserve of PLN 24,203,340.40, which resulted in reduction in the operating result and net result of the Comarch Group for 2018.

The Management Board of Comarch S.A. informed in current reports no. [RB-6-2019](#) (ENG: [RB-6-2019](#)) dated on 23rd of April, 2019, no. [RB-12-2019](#) (ENG: [RB-12-2019](#)) dated on 29th of May, 2019, no. [RB-13-2019](#) (ENG: [RB-13-2019](#)) dated on 25th of June, 2019, no. [RB-22-2019](#) (ENG: [RB-22-2019](#)) dated on 1st of August, 2019, on receiving from CaixaBank S.A., a branch in Poland an information about the receipt of a statement from ZUS on postponement of the above-mentioned request for the duration of settlement talks.

11.2.3. Signing of the Agreement on the Settlement Regarding ZUS KSI

On the 27th of August, 2019, the Management Board of Comarch S.A. informed in the current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) about the conclusion on the 27th of August, 2019, of an agreement between ZUS and Comarch regarding the commitment of the parties to conclude a settlement on the 8th of November, 2019, as part of the conciliation ("Settlement").

As part of the agreement, the parties agreed that the Settlement will include, among others:

- a decision according to which Comarch and ZUS - despite the fact that they remain in conflicting positions as to whether there were circumstances justifying a partial termination of the Agreement - in order to set aside the dispute confirm that ZUS's statements on partial termination of the Agreement ("ZUS' Statements") had an effect on the date of their delivery to Comarch, in the form of a partial termination of the Agreement, to the extent specified in the ZUS' Statements;
- Comarch's waiver, on the day of the Settlement, of all claims against ZUS related to the implementation of the Agreement until the 27th of August, 2019, including in particular, claims related to ZUS' Statements, the waiver does not include Comarch's claims for payment of remuneration for the benefit services covered by the Agreement in the part not covered by ZUS' Statements;
- ZUS's waiver of claims against Comarch arising from disputable circumstances covered by the Settlement, including in particular, claims related to ZUS' Statements, the waiver does not apply to ZUS' claims arising from the performance of the Agreement in the binding part;
- a decision that ZUS will withdraw the payment request submitted to the bank from the due performance bank guarantee in relation to this the Agreement.

On the 25th of September, 2019, the Management Board of Comarch S.A. informed in the current report no. [RB-25-2019](#) (ENG: [RB-25-2019](#)) on receiving on the 10th of September, 2019, from the CaixaBank SA bank, a branch in Poland, information about the receipt of a statement from ZUS on postponement of the execution of the above request till the 19th of November, 2019, due to conclusion of the settlement as part of the conciliation procedure, about which the Company informed in current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) of the 27th of August, 2019.

11.2.4. Conclusion of a Settlement with ZUS regarding the ZUS Agreement KSI

The Management Board of Comarch S.A. informed in current report no. [RB-26-2019](#) (ENG: [RB-26-2019](#)) dated on the 8th of November, 2019, about the conclusion on the 8th of November, 2019, of a settlement between ZUS and Comarch as part of the conciliation procedure ("Settlement"), which is the implementation of the agreement about which the Company informed in current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) of the 27th of August, 2019. The provisions of the Settlement meet the assumptions included in the above-mentioned agreement.

11.2.5. Withdrawal of a Request from a Good Performance Guarantee regarding the ZUS KSI Contract

The Management informed in the current report no. [RB-27-2019](#) (ENG: [RB-27-2019](#)) dated on the 13th of November, 2019, about receiving on the 13th of November, 2019, from the bank CaixaBank S.A., a branch in Poland, information about the receipt of a statement from ZUS about the withdrawal of the request from a good performance guarantee regarding the ZUS KSI contract. In connection with the withdrawal of the request from the bank guarantee, the Comarch Group released provisions in amount of PLN 24,203 thousand, which increased the operating result and net result of Comarch S.A. in the third quarter of 2019.

11.2.6. Opinion of the Supervisory Board Regarding Dividend for 2018

On the 27th of May, 2019, in current report no. [RB-9-2019](#) (ENG: [RB-9-2019](#)) the Management Board of Comarch S.A. announced, that the Supervisory Board of Comarch S.A., by resolution no. 09/05/2019, gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2018 in financial year from 1st of January, 2018 to 31st of December, 2018 in the amount of PLN 49,649,395.86 as follows:

- 1) Part of the net profit in the amount of PLN 12,200,023.50 is allocated for the payment of dividends in the amount of PLN 1.50 per one share;
- 2) the remaining part of the net profit in the amount of PLN 37,449,372.36 will be transferred to supplementary capital.

The dividend was paid out on the 15th of July, 2019.

11.2.7. Selection of the entity authorized to audit and review financial statements of Comarch S.A.

On the 27th of May, 2019, the Management Board of Comarch S.A. informed in the current report no. [RB-10-2019](#) (ENG: [RB-10-2019](#)) that the Supervisory Board, by virtue of Resolution No. 11/05/2019 of May 27, 2019, acting pursuant to Art. 19 sec. 2 point 5) of the Articles of Association, 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.

AFTER THE BALANCE SHEET DATE

11.2.8. 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.

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

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

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

The Management Board of the Comarch Group does not exclude that in terms of revenue from sales in individual countries in which the Comarch Group operates, due to the increase in the number of cases and issued recommendations of state authorities regarding mobility reduction and conducting business activity, a temporary decrease in revenue from the sales of offered services and products is possible, but its value is not estimable at the time of publication of this report. The financial results achieved in the coming periods will also be influenced by: the duration of the epidemic, further administrative restrictions in the functioning of states, restrictions imposed on entrepreneurs, the possibility of using aid packages launched by individual countries.

At present, the Management Board of the Comarch Group has not diagnosed significant disruptions in the implementation of existing contracts or significant disruptions in the supply chains of products and materials necessary for the Group's operations. The Management Board of the Comarch Group sees potential threats to maintaining financial liquidity by some contractors from industries particularly affected by the effects of a pandemic (e.g. airlines, tourist and commercial companies). The volatility of exchange rates occurring in connection with the pandemic, in particular the weakening of the PLN exchange rate against EUR and USD will have an impact on the financial results achieved by the Group in first quarter of 2020, in the form of:

- a) positive foreign exchange differences on receivables and cash held by the Group,
- b) negative exchange rate differences on liabilities and due to balance sheet valuations of foreign currency loans and derivative financial instruments.

The Management Board of the Comarch Group does not exclude that the volatility of exchange rates occurring in connection with the pandemic will have an impact on the financial results achieved by the Group in the following quarters of 2020.

11.2.10. Settlement with One of the Clients

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

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

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

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

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

12.1. Capital Investments

All capital investments were described in point [20.2.](#)

12.2. Real Estates

In 2019, no land property purchases were made.

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.

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

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

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

Pursuant to IAS 12, unused tax relief as at the 31st of December, 2019, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 3,950 thousand as at the 31st of December, 2019 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 31st of December, 2019 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,809 thousand as at the 31st of December, 2019 (after discounting at the permit date).

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

During the 2019, the Group settled an asset created for the zone operations in the amount of PLN 11,162 thousand which were created as at 31st of December, 2018 and at the same time created an asset in the amount of PLN 9,958 thousand (impact on result minus PLN 1,204 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

14.1. Corporate Governance Principles

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no. [EBI-1-2019](#), (ENG: [EBI-1-2019](#)), report of Comarch S.A.'s Supervisory Board and an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function, an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles and an assessment of the rationality of the company's policy in reference to sponsorship and charity

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no. [EBI-2-2019](#), (ENG: [EBI-2-2019](#)), that on the 27th of May, 2019 Supervisory Board of Comarch S.A. passed the resolution no. 10/05/2019 in which projects of the resolutions at the AGM, of the Company of 26th of June, 2019.

14.2. Annual General Meeting – 26th of June 2019

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

On the 27th of May, 2019, 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 26th of June, 2019, 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: 12th of June, 2019,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address.

The Company announced details in current report no. [RB-11-2019](#), ENG: [RB-11-2019](#), dated the 27th of May, 2019.

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 1.01.2018 - 31.12.2018;
- approving the report of the Management Board regarding the activities of the Company in 2018;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2018 - 31.12.2018;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2018;
- 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 2018 and from the audit of the consolidated financial statements and report of Management Board regarding the activities of capital group in 2018;
- distribution of the Company's net profit for the fiscal year 1.01.2018 - 31.12.2018;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2018 - 31.12.2018
- election of the Company's Supervisory Board:
 - Elżbieta Filipiak – Chairman of the Supervisory Board,
 - Andrzej Pach – Vice-Chairman of the Supervisory Board,
 - Danuta Drobniak – 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.
- election of the Company's Management Board:
 - Janusz Filipiak – President of the Management Board,
 - Marcin Dąbrowski – Vice-President of the Management Board,
 - Paweł Prokop – Vice-President of the Management Board,
 - Andrzej Przewięźlikowski – Vice-President of the Management Board,

- Zbigniew Rymarczyk – Vice-President of the Management Board,
- Konrad Tarański – Vice-President of the Management Board,
- Marcin Warwas – Vice-President of the Management Board.

The full content of the resolutions were published on in the current reports no. [RB-14-2019](#) (ENG: [RB-14-2019](#)), [RB-17-2019](#) (ENG: [RB-17-2019](#)), [RB-18-2019](#) (ENG: [RB-18-2019](#)) dated the 26th of June, 2019.

c) Resolution of the AGM Regarding Dividend for 2018

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2018 - 31 December 2018. The General Shareholder's Meeting decided that net profit in the amount of PLN 49,649,395.86 will be divided as follows:

1. PLN 12,200,023.50 will be paid as dividend. Persons who will be the company's shareholders at the 5th of July, 2019 (dividend day), will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. Dividend will be paid on 15th of July, 2019;
2. The remaining part of the net profit in the amount of PLN 37,449,372.36 will be passed to supplementary capital.

Dividend was paid at the 15th of July, 2019.

The Company announced details in current report no. [RB-15-2019](#) (ENG: [RB-15-2019](#)) dated the 26th of June, 2019.

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 26th of June, 2019, Elżbieta Filipiak, Janusz Filipiak and MetLife OFE manager by MetLife PTE S.A. held at least 5% of the total number of votes represented at this Meeting:

- Janusz Filipiak – 893,000 shares which gave 4,465,000 votes at the AGM, which constituted 50.60% of the all votes at this AGM and which constituted 29.52% of the total number of votes;
- Elżbieta Filipiak – 846,000 shares which gave 4,230,000 votes at the AGM, which constituted 47.93% of the all votes at this AGM and which constituted 27.96% of the total number of votes;
- MetLife OFE manager by MetLife PTE S.A. – 1,000,000 shares which gave 1,000,000 votes at the AGM, which constituted 9.30% of the all votes at this AGM and which constituted 5.56% of the total number of votes.

The total number of votes from all issued Comarch S.A. shares is 15,126,949. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 26th of June, 2019, held shares giving 10,756,775 votes, which constituted 71.11% of the total number of votes. The Company announced details in current report no. [RB-16-2019](#) (ENG: [RB-16-2019](#)) dated the 26th of June, 2019.

15. Operations on Comarch S.A. Shares

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

On the 4th of March, 2019, 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 308 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 156.00 per 1 share, which value amounted to PLN 48,048, on the 4th March, 2019. The company announced details in current reports no. [RB-3-2019](#) (ENG: [RB-3-2019](#)) dated on the 4th March 2019.

On the 4th of March, 2019, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities (Paweł Prokop) 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 70 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 157.00 per 1 share, which value amounted to PLN 10,990, on the 4th March, 2019. The company announced details in current reports no. [RB-4-2019](#) (ENG: [RB-4-2019](#)) dated on the 4th March 2019.

On the 9th of July, 2019, 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 8,000 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 180.00 per 1 share, which value amounted to PLN 1,440,000, on the 5th of July, 2019. The company announced details in current report no. [RB-19-2019](#) (ENG: [RB-19-2019](#)) dated on the 9th of July, 2019.

On the 11th of July, 2019, 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 133,535 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 180.00 per 1 share, which value amounted to PLN 23,101,555, on the 10th of July, 2019. The company announced details in current report no. [RB-20-2019](#) (ENG: [RB-20-2019](#)) dated on the 11th of July, 2019.

On the 18th of July, 2019, the Management Board of Comarch S.A. received from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. notification that as a result of the purchase of shares of Comarch S.A., Nationale-Nederlanden Otwarty Fundusz Emerytalny increased the number of shares of Comarch S.A. over 5% of votes at the General Meeting of Shareholders of the Company. At the same time Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. reported that as a result of the same transaction, funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.: Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny increased the total holding of the Company's shares over 5% of votes at the General Meeting of Shareholders of the Company. The company announced details in current report no. [RB-21-2019](#) (ENG: [RB-21-2019](#)) dated on the 18th of July, 2019.

AFTER THE BALANCE SHEET DATE

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.

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 2019 and after the Balance Sheet Date**17.1. Dates of Periodical Financial Reports in 2019**

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-1-2019](#) (ENG: [RB-1-2019](#)) dated the 4th of January, 2019, Comarch S.A. Management Board presented terms of periodical financial reports in 2019.

17.2. The Management Board Statement regarding the Corporate Governance Principles

Pursuant to § 29, section 5 of the Rules of the Warsaw Stock Exchange, the Management Board of Comarch S.A. presented report regarding the corporate governance principles in the Company in 2018 as attachment to the annual statement published on 29th of April, 2019.

AFTER THE BALANCE SHEET DATE**17.3. Dates of Periodical Financial Reports in 2020**

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

- Q4 2019 - on 28th of February, 2020,
- Q1 2020 - on 15th of May, 2020,
- Q3 2020 - on 17th of November, 2020,
- Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2020 - on 28th of August, 2020,
- Annual report for 2019 - on 29th of April, 2020,
- Consolidated annual report for 2019 - on 29th of April, 2020.

17.4. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2020 and the 29th of April, 2020, Comarch Group concluded forward contracts for the sales of EUR 18,200 thousand and USD 13,000 thousand. The total net value of open forward contracts as of the 29th of April, 2020 amounted to EUR 58,200 thousand and USD 21,900 thousand. The contracts will be settled within 34 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency. The balance sheet valuation of forward contracts as at 31st of March, 2020 amounted to minus PLN 8,881 thousand, while as at 31st of December, 2019, it was plus PLN 7,662 thousand. Such a large change in the balance sheet valuation of forward contracts during the first quarter of 2020 was caused by a significant weakening of the PLN exchange rate against major foreign currencies following the Covid-19 epidemic.

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

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

Comarch S.A.

In 2019, 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".

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



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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.



Comarch Healthcare S.A.

In 2019, 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 implemented.



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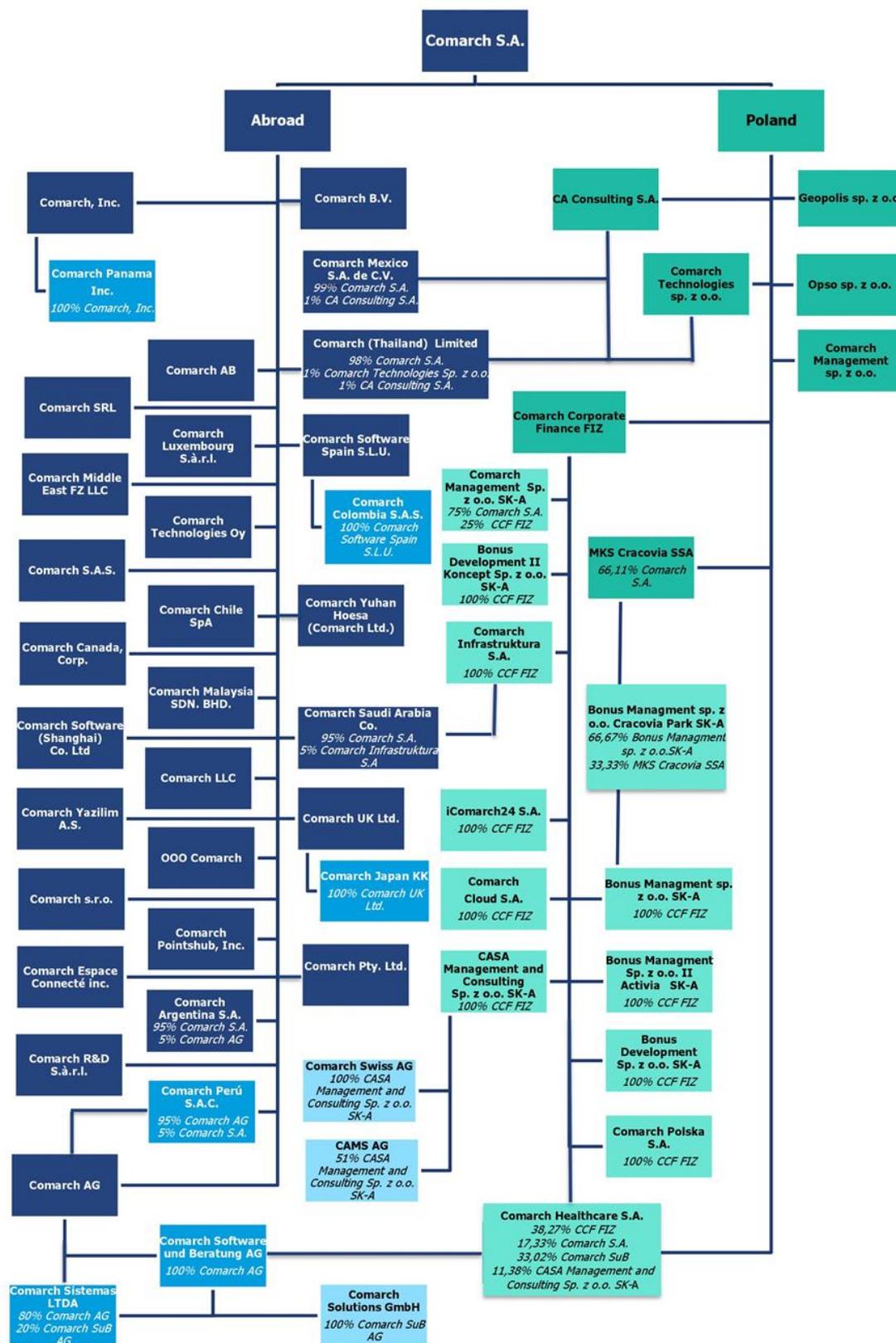


At the end of the first half of 2019, "Non-invasive monitoring for early detection of atrial fibrillation (AF)" - NOMED-AF project ended, implemented as part of Strategic program of scientific research and development "Prevention and treatment of civilization diseases" - **STRATEGMED II**.



20. Capital Affiliations of the Issuer

20.1. Capital Structure of the Comarch Group



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

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 Yuhan Hoesa (Comarch Ltd.), Comarch (Thailand) Limited, Comarch BV, Comarch Software (Shanghai) Co. Ltd and Comarch Pty. LTD. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market;
- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software;
- CA Consulting S.A. specializes in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor;
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market;
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A, Bonus Management sp. z o.o. II Activia SK-A, and Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates;
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector;
- Comarch Infrastruktura S.A. (formerly Infrasturktura24 S.A.) offers services related to Data Centre and IT services outsourcing;
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
- Geopolis sp. z o.o. implements integrated GIS system in public administration entities;
- MKS Cracovia SSA conducts sports activities and promotes physical education;
- "Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością" Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation;
- Opso sp. z o.o. provides catering services;

- Comarch s.r.o. and Comarch Cloud S.A. are currently not operating.

Below there are the capital and ownership data of companies as at the date of publication of the report for 2019.

PARENT COMPANY

Company: **Comarch Spółka Akcyjna COMARCH**
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 and Wrocław.

SUBSIDIARIES

Company: **Comarch AG COMARCH**
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 1,000,000.

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 S.à r.l. COMARCH**
Address: 100A, allée Saint Exupéry, 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: **Comarch Luxembourg S.à r.l. COMARCH**
Address: Route d'Arlon 23,
L-8008 Strassen, Grand Duchy of 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 and consists of 500,000 shares of nominal value of EUR 1 each. 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: 10 W. 35th St. 9450 W. Bryn Mawr Ave
Suite 325 Rosemont, IL 60018
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: 10 W. 35th St. 9450 W. Bryn Mawr Ave
Suite 325, Rosemont, IL 60018
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: Calle 52 Este, Obarrio
Edificio P.H. Plaza Ejecutiva
Piso 3, Oficina 307
Panama City, Panamá
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 n° 1.099
Vila Gertrudes, Sao 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, 2019, 1 BRL as at is worth PLN 0.9448). 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: 1155 Blvd. Rene-Levesque Ouest
Suite 2500, Montreal, QC H3B 2K4 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, 2019, 1 CAD is worth PLN 2.9139). 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.**
Address: 1155 Boul. Rene-Levesque O. Suite 2500,
Montreal QC H3B 2K4
VAT ID: 1222643674 IC 0001

The company's share capital is CAD 400,000 and is divided into 400,000 registered shares of nominal value of CAD 1 each (1 CAD as at 31st of December, 2019 is 2.9139 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: PO. Box 500824 Dubai, United Arab Emirates
Register no.: 19879
VAT ID: 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, 2019, 1 AED is worth PLN 1.0339). 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: B-3A-06 Block B West, PJ8 Service Suites
No 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya
Register no.: 1138689-D
VAT ID: 000638922752

The company's share capital is MYR 500,000 (as at the 31st of December, 2019, 1 MYR is worth PLN 0.9284). 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 E, Alcobendas 28109, Madrid,
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, 2019, 1 TRY is worth PLN 0.6380) 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: Piazza Quattro Novembre 7, 20124 - Milan (MI), 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: 18/7 Kutuzova Str., 01133 Kiev, Ukraine
VAT ID: 329182826556

The company's share capital is UAH 20,500 (as at the 31st of December, 2019, 1 UAH is worth PLN 0.1602). 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: **Comarch OOO COMARCH**
Address: Bakhrushina 32/1 115054 Moscow, Russia
VAT ID: INN/KPP 7704545099/770401001

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, 2019, 1 RUB is worth PLN 0.0611). 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, China
VAT ID: 310115690128967

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: Tekniikantie 14
02150 Espoo, 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: 201 Great Portland Street, London, W1W 5AB, 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 Monseñor Sótero Sanz de Villalba 161 oficina 1001, Providencia, Región Metropolitana, 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, 2019, 100 CLP is worth PLN 0.5041). 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, 2019, 1 SEK is worth PLN 0.4073). 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, 2019, 1 SEK is worth PLN 0.0634). 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

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: Luzern Mühlemattstraße 8, 6004 Luzern, Switzerland
VAT ID: 472274

The company's share capital is CHF 300,000 and is divided into 300 registered shares of nominal value of CHF 1,000 each 195 (as at the 31st of December, 2019, 1 CHF is worth PLN 3.9213). 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: Hirschengraben 43, 6003 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, 2019, 1 CHF is worth PLN 3.9213). 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 900967907-1

The company's share capital is COP 3,192,063,000 (as at the 31st of December, 2019, 100 COP is worth PLN 0.1156). 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 Argentina S.A. is Comarch Colombia SAS subsidiary (through Comarch Software Spain S.L.U.).

Company: **Comarch Peru S.A.C. COMARCH**
Address: Av. Republica de Panama,
3420 Urb. Limatambo Dpto.,
1701 Lima-Lima- San Isidro
VAT ID: 20601740924

The company's share capital is PEN 1,600,000 (as at the 31st of December, 2019, 1 PEN is worth PLN 1.1452). Comarch AG holds 95% of the company's shares (1,425,000 of shares) and Comarch SA holds remaining 5% of the company's shares (75,000 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 94421,
Riyadh 11671, Kingdom of Saudi Arabia
License No.: 210390472112

The company's share capital is SAR 1,000,000 (as at the 31st of December, 2019, 1 SAR is worth PLN 1.0127). 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: 3F, Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku,
Tokyo, 100-0004
VAT ID: 4010401132602

The company's share capital is JPY 15,000,000 (as at the 31st of December, 2019, 100 JPY is worth PLN 3.4959). 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, 2019, 100 KRW is worth PLN 0.3291). 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: 105560179291

The company's share capital is THB 18,500,000 worth THB 100 per 1 share (as at the 31st of December, 2019, 1 THB is worth PLN 0.1275). 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: NL959390457B01

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: Blvd. Miguel de Cervantes Saavedra 169, Office 15-121, Granada,
Mexico City, CMX, 11520, Mexico
VAT ID: CME190416B94

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, 2019, 1 MXN is worth PLN 0.2009). 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, 2019, 1 AUD is worth PLN 2.6624). 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 Technologies sp. z o.o. COMARCH**
(Polish law limited liability company) Technologies
Address: Aleja Jana Pawła II 39 a, 31-864 Krakow,
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**
(joint stock company)
Address: Al. Jerozolimskie 81, 02-001 Warsaw
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**
(Polish law limited liability company)
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a

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) (closed investment fund) COMARCH**
Address: 31-038 Krakow, ul. Księcia Józefa 186
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 (limited joint-stock partnership) COMARCH**
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
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: 31-008 Kraków, ul. Rynek Główny 15
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 2,979,400 and is divided into 2,979,400 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 (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
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 (limited joint-stock partnership)**
COMARCH
Address: 31-008 Krakow, ul. Rynek Główny 15
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 900,000 and is divided into 900,000 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 (limited joint-stock partnership)** **COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
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 (limited joint-stock partnership)** **COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
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. SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Healthcare S.A.** **COMARCH Healthcare**
(joint stock company)
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
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.** 
(joint stock company)
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
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.** 
(joint stock company)
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
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. (joint stock company)** 
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
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. (joint stock company)** 
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
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 (limited joint-stock partnership)**
COMARCH

Address: ul. Szarskiego 18, 30-698 Krakow
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 (Polish law limited liability company)**

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 50,000. 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 cartographic resource database as well as geoportals. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Saudi Arabia Co. is Comarch S.A.'s subsidiary.



Company: **Opso sp. z o.o. (Polish law limited liability company)**

Address: 31-864 Krakow, ul. prof. Michała Życzkowskiego 23
Regon (Polish National Official Register of Business Entities): 122485307
NIP (Polish Identification Tax Number): 675-147-11-92

The share capital of Opso sp. z o.o. amounts to PLN 205,000 and consists of 100 shares at nominal value of PLN 2,050 each, entitling to 100 votes. Comarch S.A. holds 100% Opso sp. z o.o. shares entitling to 100% votes at the AGM of the company. Opso sp. z o.o. provides catering services. Pursuant to the Act on Accounting dated 29th of September, 1994, Opso sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **Miejski Klub Sportowy Cracovia Sportowa Spółka Akcyjna (Polish city sports club)**

Address: 30-111 Krakow, ul. Kałuży 1
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 21,940,100 PLN and is divided into 219,401 shares. Comarch S.A. holds 144,391 shares and 144,391 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. sointeractive (joint stock company)**

Address: 31-864 Krakow, ul. Prof. Michała Życzkowskiego 29 a

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.

Company: **Metrum Capital S.A. (Volatech Capital Advisors S.A.)
(joint stock company)**

Address: ul. Kałuży 1, 30-111 Krakow

Regon (Polish National Official Register of Business Entities): 0000502255

NIP (Polish Identification Tax Number): 6772380164

The company's share capital is PLN 700,000. Comarch S.A. holds 21.43% of the share capital (15.79% of votes at the company's AGM) and CAMS AG holds 42.86% of the share capital (31.58% of votes at the company's AGM). The Company's business is the production IT software that supports investments in the capital market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Metrum Capital S.A. is Comarch S.A.'s associate (directly and through CCF FIZ).

20.3. Changes in Ownership and Organisational Structure in 2019

On the 22th of March, 2019, a subsidiary company Comarch Pty. LTD was registered in Sydney. The share capital of the company amounts to AUD 100 (i.e. PLN 266) and consists of 100 shares with nominal value of AUD 1 each. Comarch S.A. owns 100% in share capital and votes of Comarch Pty. LTD

On the 5th of July, 2019, has been registered the capital increase in Comarch (Thailand) Limited in the amount of THB 10,500,000 (i.e. PLN 1,334,750), i.e. from THB 8,000,000 (i.e. PLN 1,020,000) to THB 18,500,000 (i.e. PLN 2,358,750).

On the 23rd of September, 2019, AGM of Comarch BV passed the resolution related to capital increase by issuing 100,000 shares (EUR 1 per share), which were acquired by Comarch S.A. The above-mentioned increase was paid by Comarch S.A. at the 27th of September, 2019

On the 28th of October, 2019, the change of the company's name was registered, from Comarch Pointshub S.A. to Comarch Cloud S.A.

On the 8th of November, 2019, a resolution was passed to increase the share capital at Comarch Pty. Ltd (Australia) from AUD 100 (i.e. PLN 266) to AUD 100,100 (i.e. PLN 266,506)

On the 13th of November, 2019, the general meeting of shareholders of Comarch Peru S.A.C. passed a resolution to increase the share capital of Comarch Peru S.A.C. by PEN 1,435,000 (i.e. PLN 1,643,362) from the amount of PEN 165,000 (i.e. PLN 188,958) to the amount of PEN 1,600,000 (PLN 1,832,320) as a result of a contribution from Comarch AG and Comarch SA. As a result, Comarch AG owns 95% shares / votes (1,425,000 shares) and Comarch S.A. 5% shares / votes (75,000 shares) at the general meeting of shareholders of Comarch Peru S.A.C. The above capital increase was registered on the 7th of January, 2020.

On the 25th of November, 2019, the capital of Comarch S.A.S. was changed up to the amount of EUR 1,000,000 (i.e. PLN 4,258,500) after a simultaneous reduction and increase of capital.

On the 6th of December, 2019, Comarch Pointshub Inc. has concluded a contract for the sale of shares in an associate, Thanks Again LLC. The contract value was USD 500,000 (i.e. PLN 1,898,850 PLN). As a result of the transaction, Thanks Again LLC as at the 31th of December, 2019 was not an associated company with the parent company.

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

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).

21. Non-business Activities of the Comarch Group

21.1. The Scope of the Comarch Group's Impact on the Environment

The Comarch Group, 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 Group 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, universities and research workers, technical and industry organizations),
- **Natural environment** (environmental organizations, recycling companies).

The Comarch Group provides a detailed description of its impact in Comarch Group annual report on non-financial information. In this document, the Group 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.

The Management Board of Comarch S.A. informed in current report no. [RB-7-2019](#) (ENG: [RB-7-2019](#)) dated on the 29th of April, 2019, about publishing, on 29th of April, on the issuer's website, the capital group's report on non-financial information prepared by the parent company.

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

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: <https://www.comarch.com/company/corporate-social-responsibility/>

The most important sponsorship and charity activities in individual areas of activity undertaken by the Comarch Group in 2019:

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;
- co-financing the next edition of the Mariac Organ Festival;
- 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 14 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;
- support for the celebrations of the 100th anniversary of the AGH University of Science and Technology in Krakow in 2018-2019;
- cooperation with schools, universities and other educational institutions by sharing knowledge by Comarch employees during various conferences and events, among others: Women in Tech Summit, Dark Side of UX, World Usability Day, dev.js and J/vacon;
- implementation of pro-social projects "Programming has a future" and "Programming- an adventure for life" selected as part of the #ComarchCares Grant Competition settled in autumn 2018;
- 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;
- starting 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 from Polish Comarch companies in the organization of Christmas collections for people in need;
- organization of a charity event by Comarch employees on the occasion of World Animal Day, thanks to which Comarch managed to support shelters and organizations working for homeless animals in several Polish cities;
- sponsorship of the Czyżyny Festival - a family outdoor event for the residents of the Krakow district, in which Comarch headquarters is located. The iMed24 medical centre belonging to the Comarch Capital Group appeared at an event with a stand, conducting health-promoting activities;
- joining Cracovia to the initiative created by Krakow high school students "Give a warm gift" - volunteers before two Cracovia matches collected clothes for homeless people, which were given to the poorest during the Christmas Eve on the Main Square in Krakow;

- activity of the Official Cracovia Fan Club "Skilful with Cracovia", bringing together the community of supporters with disabilities. The fan club, in cooperation with associations and foundations, works on activating people with disabilities by inviting them to football and hockey matches;
- Cracovia support for the Krakow Family Card program by offering, among others, cheaper passes and tickets for the family sector, discounts in the Official Cracovia Store and for visiting the stadium, as well as a dedicated offer for children participating in football classes of the Cracovia Kids kindergarten;
- continuation of the project of greening the capital of Małopolska together with the Management of the City Greenery in Krakow.

In the field of sport and healthy lifestyle

For 25 years Polish companies of the Comarch Group have been involved in the promotion of sport among young people and residents of the Małopolska province, mainly through the sponsorship of the Cracovia Sport Club. In 2019, the Comarch Group also became a sponsor of the OSC Premier League football club from Lille in France.

The company promotes also a healthy and active lifestyle among its employees. In Poland, Comarch encourages employees to come by bicycle to work, providing bicycle infrastructure and occasional bicycle-related activities. The Comarch Group also encourages its employees to participate in external sports events, and the income from many of them is transferred to social purposes.

Cracovia hockey and football players are frequent guests in educational institutions, where as part of the Cracovia KIDS project they promote a healthy, sporty 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 2019.

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

24.1. Deferred Income Tax

During the 2019, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2018, and worth PLN 5,453 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 6,571 thousand. An asset due to tax loss was settled in the amount of PLN 39 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 1,161 thousand.

During the 2019, the Group settled an asset created for the zone operations in the amount of PLN 11,162 thousand which were created as at 31st of December, 2018 and at the same time created in the amount of PLN 9,958 thousand (impact on result minus PLN 1,204 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.

The total impact of changes in assets on the Group's 2019 results is minus PLN 43 thousand.

Due to valuation of net assets of CCF FIZ in 2019, a deferred tax provision was increased by PLN 451 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 7,073 thousand and dissolved in the amount of PLN 2,424 thousand. The total effect of the above-mentioned operations on the net result of 2019 was minus PLN 5,100 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 5,143 thousand.

24.2. Valuation of Currency Translation Differences

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 31st of December, 2019, increased revenue and operating profit of Comarch Group by PLN 814 thousand (while during the corresponding period in 2018 decreased by PLN 485 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 2,816 thousand (while during the corresponding period in 2018 decreased by PLN 8,762 thousand). The valuation of financial instruments and realised transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments, increased Comarch Group's net result by PLN 7,697 thousand (while in the corresponding period of 2018 they decreased it by PLN 1,426 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of Comarch S.A. in 2019 amounted to plus PLN 5,695 thousand (minus PLN 10,673 thousand in 2018).

24.3. Write-off Revaluating Receivables

During the 2019, the Group recognized an impairment loss of trade receivables in the amount of PLN 31,098 thousand and resolved previously created write-offs in the amount of PLN 21,108 thousand due to the payment of the amount due. These operations were included respectively in other operating income and expenses in the profit and loss account. These amounts include additional provisions for receivables in the amount of PLN 6,050 thousand, created after the date of publication of the financial statements for the four quarters of 2019, which the Group decided to create after analysing the impact of the Covid-19 epidemic on the economic and financial situation of some clients.

24.4. Release of provisions regarding the ZUS KSI contract

The settlement with ZUS regarding the ZUS KSI contract resulted in the dissolution of provisions established in 2018, thus increasing the operating result and net result of Comarch S.A. in 2019 by PLN 24,203 thousand.

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](#).

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	Types of services	Remuneration (net value)- paid	Remuneration (net value)- due
2019			
BDO Spółka z ograniczoną odpowiedzialnością			
1.	Obligatory audit of annual financial statements for 2019	50,000.00 PLN	80,000.00 PLN
2.	Review of half-year financial statement for H1 2019 and agreed additional costs related to consolidation process	70,000.00 PLN	-
3.	Other services for Comarch S.A.	-	-
4.	Audit of annual financial statements of CA Consulting SA, Comarch Polska S.A., Comarch Healthcare S.A., Comarch Technologies Sp. z 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	16,000.00 PLN	20,000.00 PLN
AO BDO Yunikon			
1	Audit of the financial statements of OOO Comarch Company	275,000.00 RUB	275,000.00 RUB
2018			
BDO Spółka z ograniczoną odpowiedzialnością			
1.	Obligatory audit of annual financial statements for 2018	100,000.00 PLN	-
2.	Review of half-year financial statement for H1 2018 and agreed additional costs related to consolidation process	50,000.00 PLN	-
3.	Other services for Comarch S.A.	-	-
4.	Audit of annual financial statements of CA Consulting S.A., Comarch Polska S.A., Comarch Healthcare S.A., Comarch Technologies Sp. z o.o., Comarch Management Sp. z o.o S.K.A., Comarch Infrastruktura S.A., iComarch24 S.A.,	65,000.00 PLN	-

MKS Cracovia SSA, Comarch Pointshub S.A. for
2018

BDO Dr. Mohamed Al-Amri & Co

1. Other services for Comarch AG Belgian Branch	35,000.00 SAR	-
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AO BDO Yunikon

1. Audit of the financial statements of OOO Comarch Company	550,000.00 RUB	-
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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 item [3.38](#) consolidated financial statements.

Krakow, 29th of April, 2020

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

Comarch S.A.

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

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

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

Kraków, 29th of April, 2020

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

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 2019 and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the issuer and its financial results. Furthermore, the annual report regarding the issuer's activities truly describes the development image and achievements as well as the issuer's situation including basic threats and risk.

Kraków, 29th of April, 2020

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

**REPORT OF COMARCH S.A.'s
MANAGEMENT BOARD REGARDING THE
ACCEPTANCE
OF CORPORATE GOVERNANCE
PRINCIPLES IN 2019**

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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 2019 a subject to the corporate governance principles set out in the document "Best Practices of WSE Listed Companies 2016" (Annex to Resolution of the WSE Council No 26/1413/2015 of the 13th October 2015). The rules are available on the website https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf (https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf) which is the official website of the Warsaw Stock Exchange devoted to these issues.

The Best Practices include six sections:

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

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

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

a) Recommendations for Best Practices of Listed Companies

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

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

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

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

b) Detailed Principles for Best Practices of Listed Companies

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

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

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

3. Shareholders Holding Directly or Indirectly Significant Shares in Votes at the General Shareholders Meeting as at 29th of April, 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 Board	84,904	1.05	122,504	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	3,517,750	43.25	3,517,750	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.

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

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

8. Description of Principles for Changes in Articles of Association

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

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

1. Annual General Shareholders' Meetings may be ordinary or extraordinary.

2. An ordinary General Meeting of the Management Board shall be called no later than the end of June each year.
3. General meetings shall be called in accordance with the Polish Commercial Companies Code, the Company's Articles of Association and with the Rules for General Shareholders' Meeting dated the 28th of June, 2010.
4. Meetings shall take place at the Company's headquarters.
5. At least two members of the Company's Management Board and at least two members of its Supervisory Board should take part in the Annual General Shareholders' Meeting.
6. If the subject of debate is to concern the financial affairs of the Company an auditor shall be present.
7. Representatives of the media may attend the General Shareholders' Meeting as observers.
8. Only persons who are Company's shareholders 16 (sixteen) days prior the date of the General Meeting are entitled to participate in the General Meeting.
9. Shareholders who are physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote themselves or via a proxy.
10. Shareholders who are not physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote via a person empowered to submit a declaration of intent in their name, or via a proxy.
11. The chairman of the Annual General Shareholders' Meeting conducts debates, takes decisions in matters of the agenda and procedure, and is authorized to interpret the present rules.
12. The duties of the chairman of the Annual General Shareholders' Meeting include:
 - Ensuring that debates are conducted in accordance with the agenda and procedure as stipulated,
 - Directing the debate: deciding who shall speak and in what order,
 - Receiving proposed and draft resolutions and opening them to debate and
 - Organizing and conducting the voting.
13. The Annual General Shareholders' Meeting shall choose a three-person returns committee from the candidates notified by the chairman. The returns committee shall ensure that each vote is correctly conducted, supervise the practical aspects of the vote and check, confirm and declare the results. Where the Annual General Shareholders' Meeting is attended by a small number of shareholders a returns committee shall not be selected unless a shareholder or proxy submits a request for a returns committee to be selected. Where a returns committee is not selected its functions shall be performed by the chairman of the Annual General Shareholders' Meeting.
14. The Annual General Shareholders' Meeting shall take decisions in the form of resolutions adopted by open voting except:
 - Voting on an issue of selecting or deselecting members of bodies of the Company, or liquidators,
 - Motions to prosecute members of bodies of the Company or liquidators,
 - In personal matters,
 - At the request of at least one shareholder,
 - In other circumstances stipulated in the regulations currently binding.
15. Shareholders shall notify the chairman of the Annual General Shareholders' Meeting of their candidates for membership of the Supervisory Board in writing or verbally.
16. Proposals for Supervisory Board candidates should be supported in detail with particular emphasis placed on the candidate's education, qualifications and professional experience.
17. Before a resolution is adopted on the composition of the Supervisory Board the General Shareholders' Meeting shall vote on a resolution to determine the number of members the Supervisory Board is to have.

18. The Company may organise the General Meeting in such a way as to enable shareholders to participate at the General Meeting using means of electronic communication.

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

a) Members of the Comarch S.A.'s Supervisory Board as at 31st of December, 2019:

Name and Surname	Position
Elżbieta Filipiak	Chairman of the Supervisory Board
Andrzej Pach	Vice-Chairman of the Supervisory Board
Danuta Drobniak	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 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 Drobniak, 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.

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

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

1. The Supervisory Board shall contain three to seven people chosen by the Annual General Shareholders' Meeting. The Meeting shall, by a resolution, specify the number of members of the Supervisory Board before voting commences to select candidates for that Board.
2. Supervisory Board members shall be appointed for a common term of office lasting three years.
3. Members of the Supervisory Board shall perform their rights and duties directly and in person. Any member of the Supervisory Board may be dismissed before their term of office has been completed. Members of the Supervisory Board may be re-elected.
4. General Shareholders' Meeting shall appoint from among members of the Supervisory Board the Chairperson, the Vice Chairperson, and also the Secretary of the Supervisory Board, as needed.
5. The chairman of the Supervisory Board:
 - convenes meetings of the Supervisory Board;
 - conducts meetings of the Supervisory Board
 - opens debates at the Annual General Shareholders' Meeting.
6. When the chairman is absent his place shall be taken by the vice-chairman of the Supervisory Board.

7. The Supervisory Board may select supervisory committees from amongst its members for specific sectors of the Company's operations. In particular, this shall concern an auditing committee.
8. These committees may sit separately and may vote on resolutions. These may concern the findings of inspections and audits concerning the way the company operates.
9. Meetings of the Supervisory Board shall be convened by the chairman of the Supervisory Board. The Management Board or another member of the Supervisory Board may demand that the chairman convene a meeting of the Supervisory Board. This demand should be accompanied by a proposed agenda. The chairman of the Supervisory Board shall convene a meeting within two weeks of receiving the demand. If the meeting is not convened in accordance with the procedure stipulated above, the petitioner may himself call the meeting.
10. The agenda of meetings of the Supervisory Board shall be stipulated by the convener and, along with any relevant materials, be sent to members of the Supervisory Board three (3) days before the planned date of the meeting unless circumstances arise to justify shortening this period.
11. The agenda of meetings of the Supervisory Board may only be changed or supplemented.
12. Meetings of the Supervisory Board should be convened at least four times in each financial year.
13. Resolutions of the Supervisory Board shall be adopted by a majority of the votes present. Where there is a tie the chairman shall have the deciding vote.
14. A resolution of the Supervisory Board shall be valid where all its members have been invited and where more than half the members of the Supervisory Board, including the chairman or vice-chairman of the Supervisory Board, are present.
15. Provided all members of the Supervisory Board express their written agreement to this, resolutions of the Supervisory Board may be adopted by written ballot without a meeting being convened.
16. Meetings of the Supervisory Board may also be conducted using resources for remote communication, such as the telephone, facsimile machines, electronic mail and teleconferencing, by using the Internet in another manner and by the use of other telecommunications resources.
17. Members of the Supervisory Board may take part in voting on resolutions of the Supervisory Board by voting in writing via another member of the Supervisory Board.
18. The mode of voting on resolutions by the Supervisory Board specified above is not acceptable in the matters set out in art. 388 paragraph 4 of the Polish Commercial Companies Code. These are:
 - The selection of the chairman and vice-chairman of the Supervisory Board;
 - The appointment and dismissal of a member of the Management Board;
 - The suspension of a member of the Management Board.
19. Members of the Management Board may take part in meetings of the Supervisory Board. The Management Board shall be informed of all dates and agendas of meetings of the Supervisory Board.
20. The Supervisory Board may invite members of the Management Board to take part in a meeting.
21. At each of its meetings the Supervisory Board shall be informed by the Company of the current individual and consolidated financial results of the Company and of significant matters concerning the Company's operations. Where this is justified by the Company's situation, this shall include the risk associated with operations and ways to manage this risk.
22. Members of the Management Board shall not take part in those sections of meetings of the Supervisory Board which concern the dismissal, scope of responsibility, or pay and conditions of Management Board members.
23. Meetings of the Supervisory Board shall be minuted. The minutes should include the agenda for debate, the name and surname of all the Supervisory Board members present and the results of the votes on resolutions.

24. The Supervisory Board shall undertake constant supervision of all areas of the Company's operations.
25. The specific competences of the Supervisory Board are as follows:
 - Assessing the Company's annual financial statement and the consolidated financial statement of the Comarch capital group;
 - Assessing the Management Board's reports on the Company's operations and on the Comarch capital group and, in addition, assessing the Management Board's conclusions on distributing profits and covering losses;
 - Submitting a written report containing the information required by points above of the present section;
 - Scrutinizing the work of the Management Board in effecting resolutions adopted at the Annual General Shareholders' Meeting;
 - Selecting statutory auditors for the financial statements of the Company and of the Comarch capital group. The Supervisory Board may adopt a resolution to apply stricter criteria for the statutory auditor's independence than are demanded by the legal regulations;
 - Appointing and dismissing members of the Management Board, stipulating the compensation attracted by performing the function of member of the Management Board, suspending – for substantial reasons – individual members, or all members, of the Management Board, designating members of the Supervisory Board to temporarily perform the functions of members of the Management Board, or suspending the Management Board itself;
 - Giving consent to increase share capital within the context of authorized capital;
 - Giving consent to acquire and dispose of real estate or shares in real estate;
 - Giving consent to the members of the Company's Management Board on the management boards or supervisory boards of companies from outside the Comarch Capital Group;
 - Giving consent to the conclusion by the Company of a significant agreement with a shareholder holding at least 5% of the total number of votes in the Company or a related entity;
 - Giving consent to conclude an agreement with an issue underwriter in accordance with the provisions set out in art. 433 paragraph 3 of the Polish Commercial Companies Code;
 - Exercising, in respect of members of the Management Board and on behalf of the Company, rights and privileges arising from an employment relationship;
 - Approving the Company's growth strategy;
 - Expressing its opinion on draft resolutions for the Annual General Shareholders' Meeting sent to it by the Management Board and shareholders.
26. Once every year the Supervisory Board must adopt a resolution in the matter of its assessment of the Company's situation, the Supervisory Board's report on its activities, assessment of the Company's compliance with information obligations regarding the corporate governance principles, assessment of the rationality of the Company's policy in the area of sponsorship, charity or other similar activities. These documents shall be passed on to the Annual General Shareholders' Meeting.
27. To aid it in performing its function, the Supervisory Board has the right to see all the Company's documents and may demand reports and explanations from the Executive Board and from Company's employees. The Supervisory Board may also conduct a review of the state of the Company's assets.
28. The Supervisory Board operates as a collective body but may, however, delegate its individual members to particular supervisory activities.
29. Members of the Supervisory Board should hold the interests of the Company as their highest priority. A member of the Supervisory Board should avoid undertaking professional or non-professional activity that could lead to a conflict of interests or adversely affect his reputation as a member of the company's governing body, and should he disclose a conflict of interest immediately.

30. Members of the Supervisory Board shall be bound to inform other members of the Supervisory Board of any conflict of interest arising and, following this, not take place in the debate concerning the matter that is subject to a conflict of interest. Where it is uncertain whether a conflict of interest has arisen, the Supervisory Board shall vote on a resolution to resolve this uncertainty.
31. Members of the Supervisory Board shall keep secret all information they acquire in the course of their duties concerning the Company's activities and the activities of companies within the Comarch Capital Group.
32. Within fourteen days of their selection a member of the Supervisory Board shall make a written submission of any economical, familial or other involvements with a shareholder holding five per cent or more of the votes at the Annual General Shareholders' Meeting. The Management Board shall inform the Supervisory Board in writing at that board's next meeting of any case where any entity acquires five per cent or more of the votes at the Annual General Shareholders' Meeting. Where information of this nature is passed to them, the members of the Supervisory Board shall submit – within fourteen days of the sitting of the Supervisory Board at which they were informed – written information concerning any conflict of interest arising. Should the involvements referred to in the present section change, members of the Supervisory Board are obliged – without summoning the Company to meet – to provide details of these changes within fourteen days.
33. Members of the Supervisory Board delegated to long-term, individual supervisory duties may not, unless the Company gives permission, involve themselves in competing business interests or participate in the business of a competitor Company as a partner or associate, or as a member of a body of a joint-stock Company. Further, they may not participate in the business of a competitor Company in a different legal personality as a member of a Company body. Additionally, members of the Supervisory Board are forbidden to participate in a competitor capital group where they hold ten per cent or more of the shares or participation rights, or where they enjoy the right to appoint at least one member of the Management Board.
34. Permission for members of the Supervisory Board delegated to long-term, individual supervisory duties to pursue competing commercial interests shall be granted according to a decision of the Supervisory Board.
35. A member of the Supervisory Board may not accept benefits that could affect impartiality and objectivity in making decisions or may adversely affect the assessment of the independence of his opinions and courts.
36. If a member of the Supervisory Board finds that a decision of the Supervisory Board is contrary to the interests of the Company, he may request that his opinion be included in the minutes of the meeting of the Supervisory Board.
37. Duties of members of the Supervisory Board
 - Members of the Supervisory Board are obliged to draw up a list of persons closely associated with them and to deliver it to the Company immediately, no later than within 7 days.
 - Members of the Supervisory Board and persons closely associated with them are obliged to provide the Company and the Polish Financial Supervision Authority with information on each transaction concluded for their own account in relation to Company's shares or debt instruments or to derivative instruments or other related financial instruments - if the value of this transaction or the sum of transaction values exceeds € 5,000. The obligation to notify transactions applies to each subsequent transaction when the total amount of EUR 5,000 is reached during one calendar year. The threshold of 5,000 euros is calculated by adding without offsetting the position of all transactions. Members of the Supervisory Board are obliged to provide information about transactions immediately, but no later than within two business days after the transaction date. Members of the Supervisory Board are obliged to notify persons closely related to their obligations under the above content and to keep a copy of this notification. In the case of the appearance of new people closely related, a member of the Supervisory Board is obliged to notify them in writing about the obligations

arising from the above content and sanctions for violation of these obligations, as well as to keep a copy of this notification. A declaration signed by a person closely related should be forwarded to the Company immediately, but no later than within 7 days.

- Members of the Supervisory Board delegated to long-term supervisory tasks shall submit a monthly, written report detailing their activities to the Supervisory Board.
- Members of the Supervisory Board should not resign their positions in mid-term where this would make it impossible for the Supervisory Board to function or where, especially, this would delay the adoption of vital resolutions.
- Members of the Supervisory Board shall receive compensation according to terms stipulated by the Annual General Shareholders' Meeting.
- Two members of the Supervisory Board shall participate in the debates at the Annual General Shareholders' Meeting. Members of the Supervisory Board shall themselves select these delegates to represent the Board at the Annual General Shareholders' Meeting.
- Members of the Supervisory Board should make all efforts to participate in Supervisory Board meetings.
- In the case of election of Supervisory Board members by voting in separate groups, each group has the right to delegate one of the Supervisory Board members elected by it to permanent, individual performance of supervisory activities.
- Members delegated to long-term, individual supervisory tasks have the right to participate in meetings of the Management Board.

38. The compensation for members of the Supervisory Board delegated to long-term, individual supervisory tasks shall be stipulated by the Supervisory Board.

39. The Company shall cover the costs of the Supervisory Board's operation.

40. The Supervisory Board shall use the Company's office space, equipment and material.

41. The Company's Management Board shall provide the Supervisory Board with administrative and technical support.

c) Committees

In 2019, 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:

- 1) until the 15th of July, 2019, Danuta Drobniak - Chairman of the Audit Committee, Elżbieta Filipiak- Member of the Audit Committee and Robert Bednarski- Member of the Audit Committee.
- 2) from the 15th of July, 2019, Joanna Krasodomska- Chairman of the Audit Committee, Danuta Drobniak- Member of the Audit Committee and Andrzej Pach- Member of the Audit Committee.

In 2019, the Audit Committee held four meetings.

According to the information available to the Company, two members of the Audit Committee in the composition operating until 15th of July, 2019 fulfilled the conditions for independence (Danuta Drobniak and Robert Bednarski).

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

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

According to the information available to the Company, two members of the Audit Committee in the current composition 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, professor at the Department of Telecommunications AGH University of Science and Technology, whose head was in the years 1998 - 2016, currently performs the function of Vice-Rector for Science of AGH University of Science and Technology 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.
2. The Audit Committee consists of at least three members, including the Chairman of the Audit Committee, appointed or removed by the Supervisory Board for the term of its term from among the members of the Supervisory Board.
3. Most members of the Audit Committee, including the Chairman, are independent of the Company, i.e. they meet the independence criteria.
4. At least one member of the Audit Committee possesses knowledge and skills in accounting or auditing.
5. At least one member of the Audit Committee possesses knowledge and skills in the field in which Comarch S.A. operates. or individual members in specific areas have the knowledge and skills in this industry.
6. The Committee performs its functions jointly.
7. The Committee's meetings shall be held at the registered office of the Company or other place indicated by the person convening the meeting.
8. The Chairman of the Audit Committee may invite to the meetings of the Audit Committee other members of the Supervisory Board, members of the Management Board and employees of the Company, a certified auditor and other persons whose participation in the Committee's meetings considers important from the point of view of the Committee's tasks.
9. The Committee shall meet as often as it is necessary for the effective performance of its tasks, but not less frequently than four times in a financial year.
10. Every member of the Audit Committee, as well as members of the Supervisory Board and the Management Board, has the right to bring matters to Committee meetings.
11. A resolution of the Audit Committee is validly adopted if all its members have been invited to the Audit Committee meeting and at least half of the members of the Audit Committee participate in the meeting.
12. Resolutions of the Audit Committee are adopted by a majority of votes of present. In the case of an equal number of votes, the Chairman's vote is decisive.
13. Minutes of meetings of the Audit Committee together with conclusions and recommendations of the Audit Committee are submitted to the Supervisory Board as well as to the Management Board of the Company.

14. Task and rights of the Audit Committee:

- monitoring the financial reporting process;;
- submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
- monitoring the performance of auditing activities;
- informing the Supervisory Board about the results of the audit;
- assessing the independence of the certified auditor and consenting to the provision of permitted non-audit services in the Company;
- developing a policy of selecting an audit firm to conduct the audit;
- development of a policy by the audit firm conducting the audit, by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services;
- determination of the procedure for the selection of an audit firm by the Company;
- presenting recommendations to the Supervisory Board regarding the selection of an audit firm;
- examining the issues that give rise to resignation from the services of the external auditor and issuing recommendations on the required activities;
- monitoring the effectiveness of internal control systems and risk management systems as well as internal audit;
- the Committee has the right to investigate every matter in its area of responsibility.

15. Once every six months before the date of approving annual and semi-annual reports, the Committee prepares and presents to the Supervisory Board a report on its activities.

16. A member of the Audit Committee should make every effort to participate in the meetings of the Audit Committee.

As at 31st of December, 2019, the Supervisory Board of Comarch S.A. did not set up a nomination committee and a remuneration committee.

e) Audit Committee and the auditor – policies, procedures

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

The recommendation regarding the selection of an audit firm to conduct the audit met the applicable statutory conditions and was consistent with the principles contained in the document "Policy and procedures for selecting an audit firm to audit the statutory financial statements of Comarch S.A. and the Comarch Capital Group and the policy for the provision of additional services by the auditing company, an entity related to the auditing company or a member of its network adopted by the Resolution by the Audit Committee of Comarch SA " available at https://www.comarch.pl/files-pl/file_381/Polityka-wyboru-firmy-audytorskiej-27112017.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 Capital Group operate,
 - Confirmation of operating within international network in most of the countries in which the companies of the Comarch Capital Group operate,
 - Confirmation of having experience in examining the reports of public interest entities,
 - The ability to provide the required range of services within timeframes specified by the Company,
 - Professional qualifications and experience of persons directly involved in the audit,
 - The price proposed by the entity authorized to audit.
4. The contract with the audit firm for the audit of financial statements shall be concluded in time for the audit firm to take part in inventory-taking of important assets.
5. In the case of the statutory audit as defined by Article 2 item 1 of the Act on Statutory Auditors, the first contract for the audit of financial statements shall be concluded with the audit firm for a period not shorter than two years with the possibility of extending it to subsequent biennial periods. The costs of conducting the audit of the financial statement shall be borne by the audited entity.
6. A maximum uninterrupted duration of orders for the statutory audits, conducted by the same audit firm, an affiliated audit firm or any member of the network operating in the European Union countries to which these audit firms belong, must not exceed 5 years. The key statutory auditor may re-conduct the statutory audit of the Company after at least 3 years from the end of the last statutory audit.

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

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

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

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

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

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

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

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

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

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

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

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

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

If the decision of the Supervisory Board regarding the selection of an audit firm deviates from the recommendation of the Audit Committee, the Supervisory Board justifies the reasons for non-compliance with the recommendation of the Audit Committee and forwards such justification to the body approving the financial statements.

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

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

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

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

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

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

f) Members of Comarch S.A.'s Management Board as at 31st December , 2019:

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

**) 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.*

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

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

1. The Management Board performs its functions jointly and takes resolutions at meetings of the Management Board and in the manner stipulated below.
2. Meetings of the Management Board shall be held at least once every month. In 2019, all meetings of the Management Board were held on the Company's premises at the Special Economic Zone in Krakow, at the address ul. Prof. Michała Życzkowskiego 23.
3. A meeting of the Management Board shall be called by the President of the Management Board or, in his absence, a member of the Management Board acting as the President of the Management Board.
4. Where all members of the Management Board are present at a meeting of the Management Board, a meeting of the Management Board may be called informally.
5. The President of the Management Board or, in his absence, the person acting as President of the Management Board, may call a meeting of the Management Board at the request of any member of that Board and with the agenda specified by the member making the request. Meetings of the Management Board called in this way shall, however, not be restricted exclusively to this agenda and may consider other items placed on the agenda.
6. Meetings of the Management Board shall be chaired by the President of the Management Board, a person acting as the President of the Management Board or a person nominated by the President of the Management Board.
7. The Management Board shall take decisions in the form of resolutions adopted by open vote.
8. The chairman shall order a secret vote where even one member of the Management Board taking part in the meeting requests this.
9. Resolutions shall be adopted by an absolute majority of votes.
10. A resolution adopted at a meeting of the Management Board is valid only where at least four members of the Management Board, including the President of the Management Board or the person acting as the President of the Management Board, are present.

11. The Management Board may adopt a resolution outside meetings of the Management Board in the following ways:
 - By written vote – in this case each member of the Management Board votes in writing and gives this to the President of the Management Board or to the person acting as President of the Management Board;
 - By written vote – each member of the Management Board signs the contents of the resolution and gives this to the President of the Management Board or to the person acting as the President of the Management Board;
 - voting using telecommunications means in the form of fax, e-mail, Internet or other means of distance communication.
 - Votes cast in the manner set forth above shall be recorded in the book of resolutions and appended to the minutes of the meeting of the Management Board.
 - Where adopted in the manner set out in the third indent, a resolution shall require the votes of all members of the Management Board to be valid.
12. Non-members of the Management Board may be invited to attend its meetings.
13. All meetings of the Management Board require that minutes be taken. These should include at least:
 - The date and place of the meeting.
 - The agenda of the meeting.
 - The names and surnames of the members of the Management Board present at the meeting.
 - The names and surnames of people invited to the meeting of the Management Board and present at the meeting.
 - The exact content of resolutions.
 - The number of votes cast for and against resolutions including the number of abstentions.
 - The subjects discussed.
 - A written record of dissenting opinions expressed.
 - The signatures of the members of the Management Board present at the meeting.
14. The minutes of Management Board meetings shall be kept in the Minutes Book. The Minutes Book shall be maintained by the CEO secretariat.
15. The minutes of Management Board meetings shall be drawn up immediately by CEO secretariat.
16. Performing functions in the Management Board of the Company is the main area of professional activity of a member of the Management Board. Additional professional activity of a member of the Management Board can't lead to such a commitment of time and effort to negatively affect the proper performance of the function performed in the Company. In particular, a member of the Management Board should not be a member of bodies of other entities, if the time devoted to the performance of functions in other entities prevents him from diligently performing his duties in the Company.
17. In the case of resignation or inability to perform activities by a member of the Supervisory Board, the Management Board of the Company immediately takes appropriate actions to supplement or change the composition of the Supervisory Board.
18. The Management Board of the Company is responsible for the implementation and maintenance of the effective internal control systems, risk management, compliance and internal audit functions.
19. The Management Board of the Company presents to the Supervisory Board at least once a year its own assessment of the effectiveness of the systems and functions with the relevant report.
20. A member of the Management Board of the Company should avoid undertaking professional or non-professional activity that could lead to a conflict of interest or adversely affect his reputation as a member of the Company's body. A member of the Management Board in the case of a direct or indirect conflict of interests of the Company with the interests of a member of the Management Board is obliged to notify the Supervisory Board of the Company about the conflict.

21. A member of the Management Board can't accept benefits that could affect impartiality and objectivity in making decisions, or negatively affect the assessment of the independence of his opinions and courts.
22. If a member of the Management Board decides that the Management Board's decision conflicts with the Company's interests, he may request that his position on the subject be included in the minutes of the Management Board meeting.
23. Where there is a direct or indirect conflict between the interests of a member of the Management Board and those of the Company, that member shall inform the Company's Supervisory Board that this is the case.
24. Two members of the Management Board shall participate in the debates of the Annual General Shareholders' Meeting. Members of the Management Board shall themselves decide on which of their number should represent them at the Annual General Shareholders' Meeting.

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

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

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

Comarch Group make every effort to ensure balanced share of women and men in performing functions of management and supervisory boards' members in companies. Compliant with Working Rules, 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. „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 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.

Representatives of the management bodies of the Comarch Group companies are citizens of different countries. The supervisory boards of Comarch Group companies include 8 women and 38 men. The management boards of the Comarch Group companies include mainly men (133 against 16 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. In connection with the above, it should be assumed that in the nearest future there will be no major changes in the share of women in these management bodies.

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% of employees employed by the Comarch Group companies and about 25% 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.



COMARCH

**CONSOLIDATED
NON-FINANCIAL DATA
STATEMENT
FOR 2019**

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1. Comarch S.A.'s Management Board's Statement Addressed to the Company's Shareholders in the Field of Reporting Non-financial Issues

Dear Shareholders,

The Comarch Group, 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 and, in the opinion of the Group's Management Board, contributed significantly to the company's market success.

Regardless of the formal requirements, Comarch has been using good practices in the field of non-financial reporting for many years (including through the publication of relevant information on the Internet and in annual reports). This results both from the internal need to communicate with shareholders, as well as compliance with the Corporate Governance Principles for listed companies and the provisions of the Accounting Act.

Due to the business profile of the company, social issues related to employment and human rights as well as issues related to diversity management, especially in the area of management and supervisory bodies, are the key issues for Comarch regarding sustainable development. In the opinion of the Management Board of the Comarch S.A., adherence to relevant standards and reporting on them is essential for proper human resources management, and thus is a key element for ensuring long-term development and maintaining the competitive advantage of the company.

The key events related to sustainable development and non-financial reporting, recorded in the reporting period, were continuous improvement of management quality, increased role of "soft" incentives, increased promotion of physical and cultural activity among employees, increased management awareness of issues related to diversity, as well as improving suppliers' management procedures. The Comarch Group constantly conducts activities to protect the natural environment and promoting pro-ecological attitudes among the crew. The Group constantly supports various initiatives of local communities and significantly increased the scale of charitable activities.

Given the current situation in Poland and in the world, Management Board of the Comarch S.A. emphasizes that the Comarch Group is very well prepared to operate also in the conditions of the expected economic slowdown caused by the Covid-19 epidemic. We convinced that the Comarch Group due to the very good financial situation, significant product, industry and geographical diversification of its offer and the commitment of employees, Comarch will be able to strengthen its market position as a global provider of IT solutions in the coming periods, to the satisfaction of customers, employees, shareholders and the whole social and economic environment.

The Management Board of Comarch S.A. points that the Non-Financial Information Statement for 2018 includes non-financial information regarding Comarch S.A. and the Comarch Capital Group. The statement was prepared in accordance with the requirements of non-financial reporting included in the Accounting Act of 29th September, 1994, European Commission guidelines on reporting on non-financial information and on the basis of the National Non-Financial Information Standards (SIN) guidelines sustainable development reports. This report includes data for 2019 and comparative data for 2018. No significant adjustments were made to the information contained in previous reports. This report is not subject to certification or external verification by professional auditors.

Management Board of the Comarch S.A.

2. Information about Comarch Capital Group

G.1.1., G.1.2.

The core business of the Comarch Capital Group ("Comarch Group", "Comarch"), whose parent company is the joint-stock company Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A ("Company"), there is activity related to software - PKD 62.01.Z. Designation of the registry court for Comarch S.A.: District Court for Kraków - Śródmieście in Kraków, XI Commercial Department of the National Court Register. KRS number: 0000057567. Comarch S.A. has a dominant share in the Group in terms of revenues, value of assets and the number and volume of contracts. Shares of Comarch S.A. are admitted to public trading on the Warsaw Stock Exchange. In 2019, the Company celebrated its 20th anniversary of stock quotes on the WSE. The duration of the parent company is not limited.



The Comarch Capital Group is a producer of innovative IT systems for key sectors of the economy both in Poland and abroad. The main strategy of Comarch is to provide customers with complete IT solutions based on their own products, also in the service model. Thanks to the employed high-class specialists and thanks to its professional infrastructure, Comarch is able to provide both IT products as well as services for their implementation and maintenance as well as advisory and integration services for clients all over the world. Thanks to this, recipients of products and services offered by Comarch can take full advantage of the opportunities offered by modern IT systems and optimize their business processes.

The wide range of Comarch's offer includes ERP class systems, financial and accounting systems, CRM systems, loyalty software, sales support and electronic document exchange systems, electronic banking systems, ICT network management systems, billing systems, Business Intelligence software, security management services and data protection, and many other solutions. Comarch is a solution provider, including for entities from public administration, banking, accounting offices, enterprises from the FMCG sector, airlines, automotive industry, medical sector, manufacturing companies, public utilities, capital markets, telecommunications and insurance companies, universities, commercial and service companies, transport companies, fuel suppliers as well as entities conducting brokerage, e-commerce or factoring activities.

The Comarch Group focuses on developing IT solutions in the service model - Comarch is one of the market leaders in this area. Last year, the Comarch Group launched a comprehensive offer for Comarch Cloud, with the highest security standards, based on the Comarch Data Centre infrastructure. Thanks to Comarch Cloud, customers can use the software, store data and run their businesses without the need to have their own IT infrastructure, while having high performance, reliability, security and scalability ensured.

A detailed description of the products and services provided was included in point 3 of the Statement of Comarch S.A.'s Management Board regarding the activities and Statement of Comarch S.A.'s Management Board regarding the activities of the Capital Group.

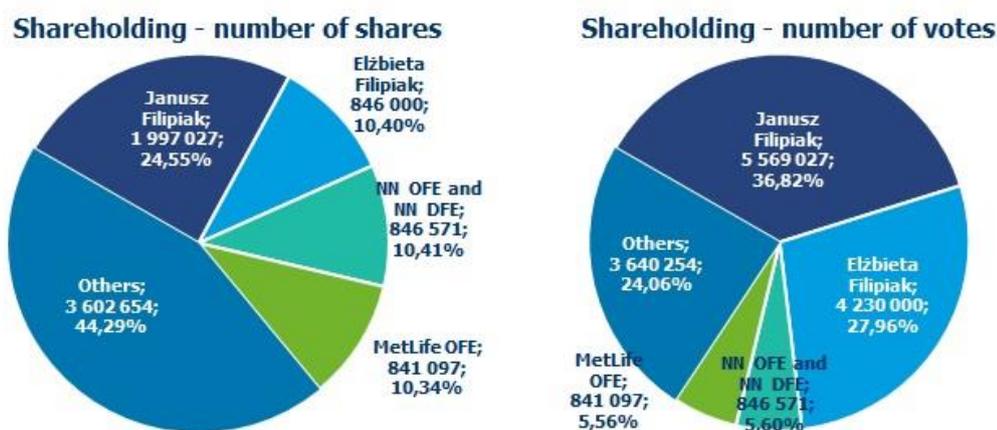
When planning its development strategy, Comarch takes into account social and environmental aspects consciously limiting the impact of its operations on the natural environment, minimizing the consumption of natural resources and limiting the generation of waste generated as a result of the current activity.

Comarch is a member of important organizations in the field of IT, such as, ETIS, PIKOM and TeleManagement Forum, thus has continuous access to the latest standards emerging in these areas (e.g. standards on TAP/RAP). Comarch also belongs to international commercial and economic chambers, including the Polish-German Chamber of Commerce and Industry and the French-Polish Chamber of Commerce. It is also a member of Związek Maklerów i Doradców, ZMiD (the Association of

Brokers and Advisers), an organization associating people holding licenses of securities brokers, investment advisors and commodity exchange brokers and also a member of the Association of Stock Exchange Issuers. In Spain, Comarch is a member of the Confederación de Empresarios de Málaga (CEM, the Confederation of Employers of Malaga). CEM is an organization of entrepreneurs of a confederate and intersectoral character, with a provincial range. In Japan, Comarch is part of the 21c Club, business club under EGG JAPAN. 21c Club supports companies in creating and developing new B2B companies and is a platform for exchanging knowledge and experience. Comarch is also a member of the LF Networking Fund, a newly established initiative of The Linux Foundation, which strengthens cooperation between partners and increases operational efficiency in network development projects.

Other basic information about Comarch S.A. and the Comarch Group were published respectively in point 1 of the Statement of Comarch S.A.'s Management Board regarding the activities and Statement of Comarch S.A.'s Management Board regarding the activities of the Capital Group.

2.1. Shareholders Owning Directly or Indirectly through Subsidiaries at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A., as at 29th of April, 2020

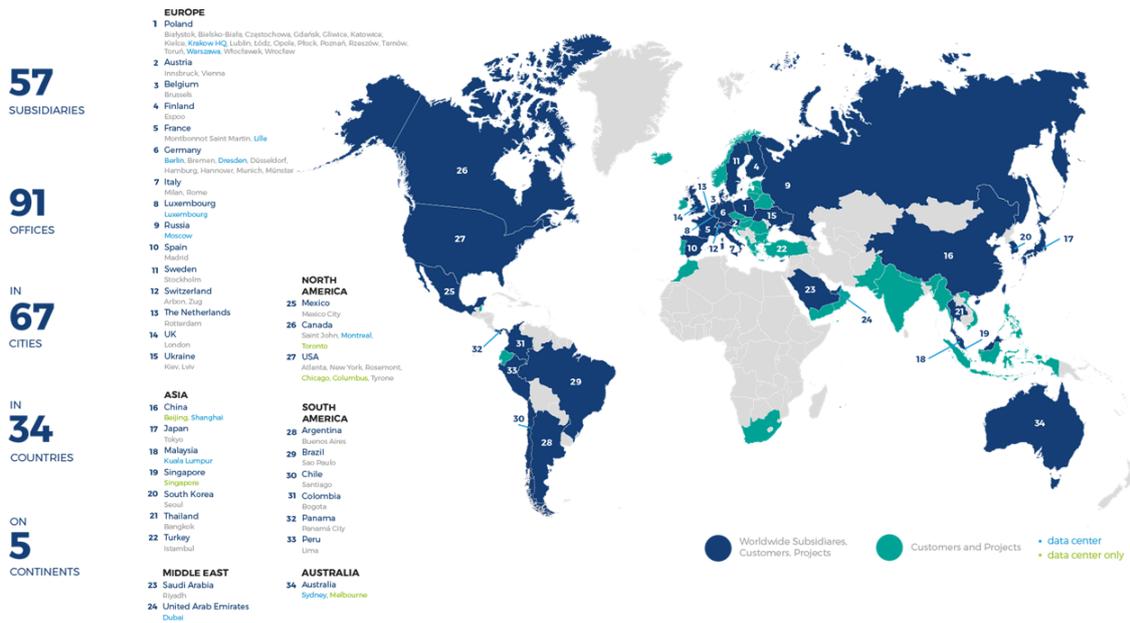


2.2. The Scope of Activity of the Comarch Group in the World

As at the date of publication of the statement, Comarch S.A. has 17 branches in Poland and 1 in Albania, the Comarch Group consists of 57 companies located on 5 continents, in 34 countries, in 91 locations around the world. Last year, the Group successfully continued its growth strategy based on the diversification of its operations between various industry segments, the development of its own products and their sale on the global market. For many years, one of the main strategic goals of Comarch is the development of sales of more and more products on foreign markets, in particular in Western Europe, both Americas and Asia. In the previous year, the Comarch Group established new subsidiary - Comarch Pty. Ltd in Australia. In 2020, there are planned further equity investments on the domestic and foreign markets. Detailed information on changes in the organizational structure can be found in point 1 of the Consolidated Financial Statements for 2019.

In the reporting period, there was an increase in cooperation with foreign suppliers related to the realization of purchases for own production of Comarch S.A. and related to increasing the company's effort towards research and development.

The map below presents the activities of the Comarch Group in the world:



Comarch provides comprehensive data centre services embracing the provision and maintenance of complex system platforms, including hardware, software and administration.

Comarch stores data in 20 data centres worldwide including four of its own (Krakow, Warsaw, Dresden, Lille).



2.3. Structure of Comarch Capital Group as at 31st of December, 2019

The Consolidated Financial Statement of the Comarch Group for 12 months of 2019 include the statements of the following companies. This Non-Financial Information Statement covers all entities of the Comarch Capital Group included in the Consolidated Financial Statement.

2.4. Key Non-Financial and Financial Performance Indicators

As at 31st of December, 2019, Comarch S. A. employed 4,979 persons compared to 4,679 persons employed as at 31st of December, 2018, while in the entire Capital Group the number of employees increased to 6,348 persons compared to 6,040 persons as at 31st of December, 2018.

Average number of employees in Comarch Group	2019	2018	2017	2016	2015
Employment agreement	5,087	4,727	4,393	4,323	4,066
Other form of employment	1,361	1,364	1,245	1,276	1,238
Total	6,448	6,091	5,638	5,599	5,304

Average number of employees in Comarch Group	2019	2018	2017	2016	2015
Production employees and technical consultants	5,103	4,797	4,369	4,342	4,104
Marketing and sales	321	298	293	336	339
Management and administrative employees	499	495	458	434	427
Other	525	501	518	487	434
Total	6,448	6,091	5,638	5,599	5,304

As at 31st of December, 2019, in the Group 3,544 employees were employed in Krakow, 2,184 in other cities in Poland and 629 outside of Poland.

Average number of employees in Comarch S.A.	2019	2018	2017	2016	2015
Employment agreement	4,057	3,753	3,492	3,416	3,121
Other form of employment	930	934	844	888	860
Total	4,987	4,687	4,336	4,304	3,981

Average number of employees in Comarch S.A.	2019	2018	2017	2016	2015
Production employees and technical consultants	4,330	4,052	3,733	3,698	3,403
Marketing and sales	180	168	161	179	177
Management and administrative employees	414	407	372	353	340
Other	63	60	70	74	61
Total	4,987	4,687	4,336	4,304	3,981

As at 31st of December, 2019, 3,019 employees were employed in Krakow, 1,960 in other cities in Poland.

In 2019, the Comarch Group generated sales revenue of PLN 1,437,423 thousand. They were higher by PLN 67,804 thousand (i.e. by 5.0%) than in 2018. Operating profit amounted to PLN 143,383 thousand and was higher by PLN 55,840 thousand (i.e. by 63.8%) compared to 2018. The net result attributable to the shareholders of the parent company amounted to PLN 104,846 thousand and was lower by PLN 74,230 thousand (i.e. by 242.5%) than in 2018. In 2019, the margin on sales and operating profitability increased to 29.3% and 10.0%, respectively. Return on gross sales and net sales reached 9.9% and 7.3% respectively. Such a significant improvement in profitability was possible thanks to the increase in the scale of the Group's operations, broadening its market offer and constant improvement in the effectiveness of the actions taken.

Comarch S.A.'s detailed financial analysis was presents in point 9 of the Statement of Comarch S.A.'s Management Board regarding the activities in [2019](#).

COMARCH GROUP CONSOLIDATED FINANCIAL DATA (in thousands of PLN)	2019	2018	change
Revenue	1,437,423	1,369,619	5.0%
Operating profit	143,383	87,543	63.8%
Profit before income tax	142,369	62,480	127.9%
Net profit attributable to shareholders	104,846	30,616	242.5%
Total assets	1,842,711	1,665,945	10.6%
Liabilities and provisions for liabilities	871,955	789,837	10.4%
Non-current liabilities	257,351	230,184	11.8%
Current liabilities	614,604	559,653	9.8%
Equity attributable to shareholders	952,123	858,146	11.0%
Share capital	8,133	8,133	0.0%
Number of shares	8,133,349	8,133,349	0.0%
Declared or paid dividend	1.5	1.5	0.0%

In 2019, Comarch S. A. achieved sales revenue of 1.5% lower than last year (PLN 951,698 thousand in 2019, compared to PLN 966,100 thousand in 2018). Operating profit amounted to PLN 33,519 thousand and was lower by PLN 55,870 thousand compared to 2018, net profit amounted to 57,627 thousand and was higher by PLN 7,979 thousand compared to the previous year. In 2018, operational profitability was 3.5%, net profitability was 6.1%.

Comarch S.A.'s detailed financial analysis is presented in point 9 of the Statement of Comarch S.A.'s Management Board regarding the activities in [2019](#).

COMARCH S.A. SELECTED FINANCIAL DATA (in thousands of PLN)	2019	2018	Change
Revenue	951,698	966,100	-1.5%
Operating profit	33,519	89,389	-62.5%
Profit before income tax	67,397	57,075	18.1%
Net profit attributable to shareholders	57,627	49,649	16.1%
Total assets	1,395,045	1,334,900	4.5%
Liabilities and provisions for liabilities	513,505	500,711	2.6%
Non-current liabilities	120,946	152,343	-20.6%
Current liabilities	160,942	157,089	2.5%
Equity	881,540	834,190	5.7%
Share capital	8,133	8,133	0.0%
Number of shares	8,133,349	8,133,349	0.0%
Declared or paid dividend	1,5	1,5	0.0%

Both Comarch S. A. and the Comarch Group have a very high share (over 90%) in their revenue from sales of products and services with high added value. The sales of solutions of third-parties constitute not high level in the Comarch Group's sales.

Electricity, heat, gas and water consumption and overall CO ₂ e emissions of the Comarch Group	2019	2018
Electricity consumption	22,309,884 kWh	21,691,281 kWh
Heat consumption	7,188,247 MJ	9,162,000 MJ
Gas consumption	344,367 kg	333,515 kg
Water consumption	45,532 m ³	42,534 m ³
Overall emission of CO ₂ e	16,501 MgCO ₂ e	18,298 MgCO ₂ e

Electricity, heat, gas and water consumption and overall CO ₂ e emissions of the Comarch Group	2019	2018
Electricity consumption	17,594,566 kWh	17,190,300 kWh
Heat consumption	4,248,000 MJ	6,507,000 MJ
Gas consumption	338,812 kg	327,488 kg
Water consumption	37,591 m ³	34,328 m ³
Overall emission of CO ₂ e	14,539 Mg CO ₂ e	15,639 Mg CO ₂ e

Details on electricity, heat, gas, water and emissions are described in point 9. of this statement.

2.5. Awards and Rankings in 2019

■ Comarch received the INVEST 2018 award in the category "Polish winner in France"

Comarch received the INVEST 2018 award in the category "Polish Winner in France";. This distinction was awarded in a competition organized by the Polish Embassy in Paris for the company's contribution to building bilateral relations and improving Poland's image by showing the innovative and dynamic side of the Polish economy.

■ Comarch S.A. best IT company in 2019

Comarch S.A. is the best IT company in 2019 - this is the result of the 14th ranking of IT companies providing services for the financial sector. The award ceremony took place on 14 November, during the IT@BANK 2019 conference. The event was attended by over 600 participants. As every year, in the IT@BANK ranking, honorable mentions were also granted in five additional categories: effectiveness, development potential, Innovation Leader by IT companies, position of companies in the financial sector and position of companies in the cooperative banks sector. In addition to the main award, Comarch was awarded as a winner in the category "Development potential"; and won second award in the category "Company position in the financial sector".

■ Comarch Cloud Infraspaces nominated for the award eco://award 2019

Comarch Cloud Infraspaces was nominated for the eco://award award in the hosting category. This prize is awarded by a German institution called eco - Verband der Internetwirtschaft e. V. [pl: [eco - Internet Economy Association]. The main selection criteria are innovation potential and economic and social relevance. The eco://award awards are among the most prestigious distinctions in the field of the Internet economy, and the jury is composed of representatives of the economy as well as scientists, researchers and politicians.

■ „Jedynki Gazety Wyborczej" for Comarch

Comarch received the title of „Jedynki Gazety Wyborczej" - a distinction awarded to companies that have made a special contribution to the development of Malopolska's economy over the last 30 years.

The award ceremony took place during the conference "30 years of the economic success of Malopolska"; organized by the editors of Newspaper Gazeta Wyborcza in Krakow.

■ **Comarch was awarded the title: CEEMA Service Provider of the Year**

HPE Discover is the largest IT conference organized for Hewlett Packard Enterprise customers and partners. During this year's edition, which took place in Las Vegas, Comarch received the title: CEEMA Service Provider of the Year.

■ **"Partnership 2019" - Partner of the Year Awards handed out**

During the conference, the results of the "Partner of the Year" competition are also announced for companies that have carried out the most interesting implementations of Comarch ERP family solutions. This year, the awards were granted in nine categories: main Comarch ERP products, the best marketing campaign, special prize IDG Computerworld and the audience award.

■ **Comarch in TOP 200 "Computerworld" report 2019**

Every year, the editorial team of Computerworld magazine prepares a publication which describes the condition of the Polish IT market, analyses trends in the industry and prepares rankings of companies in several categories. According to the authors of the report "Computerworld Top200 2019" Comarch took first place in the categories: integration services provider and cloud service provider. He also took high positions among providers of service solutions for the trade sector and companies from the telecommunications industry. The financial result generated in 2018 in the amount of PLN 1.32 billion gave the Comarch Capital Group the sixth position in the list of "Largest capital groups operating in Poland in 2018". Whereas Comarch S.A. was ranked ninth in the list of "IT companies with the highest net profit from IT" with the result of PLN 49.6 million. In the category "Largest IT companies operating in Poland" Comarch currently occupies 13th position, two meshes higher than the year before.

■ **Comarch received the Malopolska Economic Award in the category of large enterprise**

The Malopolska Economic Award is a distinction granted by the Malopolska Economic Council for companies and institutions which constitute the economic showcase of Malopolska. The award ceremony took place during the Malopolska Investor and Exporter Service Forum organised by Malopolska.

■ **"Cooperation Leader" distinction for Comarch**

During the jubilee meeting of the Social Insurance Institution, which celebrated its 85th anniversary, awards were given to the institution's partners. Comarch implementing strategic projects for the state received the "Cooperation Leader" award which was received on behalf of the company by Paweł Prokop, Vice-President of Comarch. The award was granted for the involvement and support of ZUS in the implementation of tasks serving the welfare of the state and citizens.

■ **Comarch in the group the national champions of Insight Policy**

Comarch was in the top ten of the ranking of national champions, prepared by the analytical and research company Policy Insight. The authors of the list took into account the efficiency of companies, their role in the industry, their presence on the international market and investments in development and innovation.

■ **Comarch "Trustworthy Brand"**

Comarch was the winner of the "Trustworthy Brand" ranking in the "Cloud Services Company" category. The study was carried out by Kantar Millward Brown Institute for "MyCompany Polska" magazine.

■ **Comarch Anti-Money Laundering hit 2019**

For the 17th time in a row the editors of "Gazeta Bankowa" have indicated the most interesting technological innovations on the Polish market. Among them was the Comarch Anti-Money Laundering system. "Hit of the Year" is a competition which selects the most innovative IT solutions for companies

and institutions. It is played in 3 categories: "Banking", "Insurance and other financial institutions" and, more recently, "Industry 4.0". The latter term refers to the fourth industrial revolution, which consisted in integrating physical objects into an information network. This year, in the "Banking" category, the Comarch Anti-Money Laundering system was a hit. Its main task is to monitor and label money laundering transactions, and the most important feature is the ability to draw conclusions from its analysis. Because the system is based on artificial intelligence, it understands the relationships and similarities between data, so it can better detect anomalies and anticipate them.

- **Comarch Intelligent Assurance has received the Innovation Award 2019 of Pipeline magazine**

Comarch was recognized as the best innovator in the category "Innovation in quality assurance". This category aims to "distinguish innovations designed to ensure quality of service and operations and to prevent problems that affect customers". The Innovation Awards of Pipeline magazine are awarded by a jury composed of the most important directors of leading service providers and influential members of the telecommunications analyst community. They are one of the most desirable distinctions confirming the company's constant pursuit of excellence in the field of communication technologies.

- **Comarch was ranked first in the "development potential" category and second in the main IT@BANK ranking**

Once more, Comarch has won recognition of the jury of the annual IT@BANK ranking, which identifies the best software and service providers for the financial sector. This year, Comarch took the first place in the "development potential" category and the second place in the main IT@BANK ranking. 48 companies competed for including in terms of revenue, number of employees and size of client portfolio.

- **Comarch among the best listed companies in 2018**

In March 2019 "Puls Biznesu" awarded the best listed companies of 2018. Comarch was placed in the prestigious group of ten best companies in the ranking. The distinction was received on behalf of the company by Konrad Tarański, Vice-President of Comarch.

- **Pearl of the Polish Economy for Comarch**

Comarch received the Pearl of the Polish Economy certificate in the category of Large Pearls. The Chapter awarded the company an award for consistent implementation of the company's policy and strategy and for its leading position among the most dynamic and effective companies.

- **Comarch in the reports of analytical companies**

According to the report "Poland Enterprise Application Market Shares, 2018:2019 Update", the Krakow-based company was the only one of the companies classified in the top three providers of Enterprise Application Software solutions to increase its market share in this segment. The sale of Comarch systems already covered 20.2% the market for business management systems. This gave the company second place in the list of producers, including both Polish and foreign companies. Among the suppliers of solutions for the SME segment (employment of up to 499 employees), Comarch maintained its leading position for the next year in a row. According to IDC, the company had almost 30 percent market share. Another supplier had 19.8 percent in this segment.

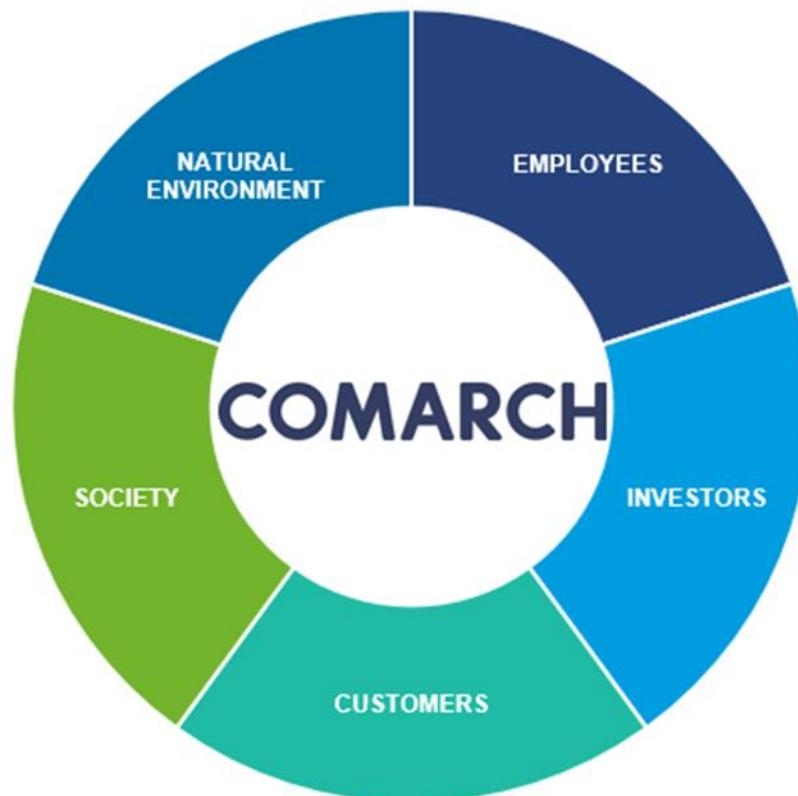
Comarch was included by analytical firm Forrester in the February 2019 report on B2B Customer Engagement Marketing (CEM) solution providers. After analysing more than twenty different vendors in terms of size, performance and focus on after-sales marketing, Forrester has recognized Comarch, which is classified as a large vendor, in a core functionality segment including advocacy, which includes features such as customer loyalty, gameplay and customer recognition and rewards.

Comarch solutions supporting sales, including Mobile Sales Force, Online Distribution and Reporting Platform were included in the report prepared by POI Institute. Additionally, the company was included in the 2019 Vendor Panorama for Retail Execution and Monitoring in Consumer Goods report, receiving the POI Best-in-Class Award for its interactive presentation to customers. Comarch is one of the few companies that offer integrated TPM, Retail Execution and e-Commerce. POI Institute also appreciated the company for providing highly interactive analyses with innovative KPIs.

The Comarch Wealth Management solution was mentioned in the Celent report, which, after a thorough analysis, presents the most innovative European providers of direct asset management platforms. The experts of Celent evaluate each solution on the basis of several criteria: the most modern technology ahead of trends, the highest quality of service and adequacy to the market situation. These solutions are also ranked in the ABCD supplier view.

3. Stakeholders

The basis for identification and selection of stakeholders is the definition adopted by Comarch Group, according to which a stakeholder is an entity that has influence and is influenced by its activities.



List of stakeholder groups engaged by the organization:

- **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, universities and research workers, technical and industry organizations),
- **Natural environment** (environmental organizations, recycling companies).

The organization's approach to engaging stakeholders:

- **Employees** (recruitments, performance reviews, internal meetings, internal portal for employees- Everybody/Intranet, internal publications/internal marketing, periodic happenings supporting an active lifestyle)

Dialog purpose: ensuring stabilization of employment turnover by meeting employees' expectations, providing employees with development opportunities, creating a satisfactory and stable workplace,

- **Investors** (regular meetings at summary conferences in Krakow or Warsaw (also interactive on-line broadcasts), individual meetings and teleconferences with the Management Board of the Company, permanent cooperation of Capital Market and Insurance Department with stakeholders listed in point a), Investor Relations website, participation in conferences co-organized by financial and capital market institutions such as banks, investment funds, WSE, KDPW, Polish Financial Supervision Authority, and Polish Association of Listed Companies),

Dialog purpose: ensuring information transparency, meeting the information needs of stakeholders, building Comarch value, taking care of Comarch's reputation,

- **Contractors** (Company website, customer satisfaction survey, business meetings for the needs of contract performance and improvement of the quality of provided services),

Dialog purpose: customer expectations and opinions survey, listening the client's voice in designing business solutions, creating products and services tailored to needs of customers,

- **Society and government/local government authorities** (current direct communication, realization of sponsorship projects, building partnerships, realization of joint projects, organization of educational and preventive programs for health protection, organization of internship programs),

Dialog purpose: carrying social responsibility, supporting community development, supporting students and graduates in gaining knowledge and experience, ensuring compliance with requirements and regulations, jobs creation,

- **Natural environment** (organizing pro-ecological campaigns, cooperation with environmental organizations and recycling companies),

Dialog purpose: improvement of the quality of the natural environment, reduction of energy consumption, emission of pollution, reduction of the amount of waste generated.

4. Policies and Rules Adopted and Applied by the Comarch Group and Their Impact on Particular Aspects and Identified Risks

The selection and description of policies as well as the effectiveness indicators presented in the statement has been made on the basis of the materiality criteria, taking into consideration internal and external factors related to the operations of Comarch S.A. and the Comarch Group. The main factors taken into consideration during the materiality assessment were:

- Business profile and market environment,
- The brunch in which Comarch operates,
- Impact on the community and the natural environment,
- Stakeholders' expectations.

The Management Board actively participates in the process of defining the content of the statement and approves all strategic decisions related to the process of creating a non-financial data statement. During its creation, the expectations of stakeholders were also taken into consideration.

For over 25 years, Comarch has been consistently building an organizational culture and value system, including:

- Ongoing efforts aimed at ensuring the quality and competitiveness of our products and services
- Improving products and services in order to meet the requirements and expectations of our customers,
- Engaging in mutually beneficial cooperation with our suppliers to improve the quality and offered products and services,

- Protecting the information assets of our clients and reinforcing the confidence of customers and other interested parties in the area of information security,
- Improving the skills and qualifications of personnel through an effective education system and trainings aimed at areas related to quality, information security, environmental protection, energy management and occupational safety,
- Promotion of a healthy and active lifestyle,
- Continual improvement of occupational safety and health of all employees,
- Preventing of workplace accidents, occupational diseases and high potential accidents,
- Actively engaging in activities aimed at limiting negative environmental impacts and improving energy efficiency,
- Obeying applicable legal requirements and other,
- Continuous improvement of the effectiveness of the Integrated Management System, including AQAP 2110 and AQAP 2210,
- Providing appropriate resources and means to implement the above actions.

The culture and value system of Comarch are systematized through the following policies, codes and declarations:

- As part of the Integrated Management System implemented in the Comarch Group:
 - Integrated Management System Policy,
 - Export Control System Policy,
 - Security Policy,
 - Supplier Sustainability Policy,
 - Policy of Privacy,
 - Policy of Respect for Intellectual Property of Third Parties,
 - Code of Conduct of the Comarch Capital Group,
 - Quality Policy of the Quality Management System of Medical Devices,
- Declaration of polish business for sustainable development,
- Corporate Social Responsibility (CSR),
- Anti-Corruption Policy of the Comarch Capital Group;
- Anti-corruption guidelines for the Comarch Capital Group;
- Corporate Governance Principles.

4.1. Integrated Management System

G.2.2.

Comarch puts a particular emphasis on the quality of provided products and services. Efforts for increasing this value are undertaken to satisfy the growing and well-defined expectations of clients operating on the domestic and international market. Thanks to continuous work on the improvement and development of the Integrated Management System, Comarch obtained:

- Certificate of Integrated Management System compliant with the requirements of PN-EN ISO 9001:2015-10 Quality Management Systems, PN-EN ISO 14001:2015-09 Environmental Management Systems, PN-N-18001:2004 Occupational Safety and Health Management Systems, PN-ISO/IEC 27001:2014-12 Information Security Management Systems,
- Certificate of Energy Management System compliant with the requirements of PN-EN ISO 50001: 2012. Energy Management Systems,
- Certificate of the Export Control System, which meets the requirements of Article 11(2) the Act of 29th of November, 2000 on foreign trade in goods, technologies and services of strategic importance for national security, as well as for maintaining international peace and security (as amended),
- Certificates which confirm that the Quality Management System meets the requirements of AQAP 2110: 2016- NATO requirements for quality assurance in design, development and production as well as AQAP 2210: 2015- NATO supplementary requirements for AQAP 2110 regarding software quality assurance,

- Certificate which confirms that the Quality Management System of Medical Devices meets the requirements of EN-ISO 13485:2016 Medical Devices. Quality Management Systems. Requirements for the purposes of legal provisions.

Certificates of the Integrated Management System, Energy Management System and Export Control System Policy were issued by the Polish Centre for Testing and Certification (PCTC). The certification body for the AQAP system at Comarch is the Quality Certification Centre (QCC) operating at the Military University of Technology. Certificates of the Quality Management System of Medical Devices were issued by TÜV Rheinland Polska Sp. z o.o.

Integrated Management System Policy

[dimensions: society, employment, environment, respect for human rights, corruption counteracting]

The Integrated Management System ensures proper, systemically administered implementation of all business processes affecting the quality of products and services. The proper functioning of the system guarantees that all processes are monitored in terms of effectiveness and efficiency, improved and adapted to the constantly changing market and technological conditions as well as to the changing customer requirements. High quality of products and services is supported by constant care for the environment and for the safety of employees and suppliers. Applying the principles of systems implemented in Comarch contributes to the increase of trust between the company and customers and suppliers. It also strengthens the image of Comarch in the eyes of all entities interested in the effects of our company's activities in the areas of quality of offered products and services, environmental impact, energy management, ensuring occupational safety and health, as well as ensuring information and data security and control in technologies and services of strategic importance to state security.

G.3.2.

As part of the Integrated Management System, the following critical risks were identified:

- Risk related to the occurrence of non-compliance and instability in internal processes,
- Risk related to the deterioration of the quality of products and services offered,
- The risk of losing customers due to failure to meet their quality expectations,
- Risk related to insufficient level of protection of information assets and information security,
- Risk related to insufficient knowledge and training of employees in specific areas,
- Risk related to insufficient level of occupational safety and hygiene of employees,
- Risk related to accidents, occupational diseases and events potentially conducive,
- Risk related to the negative impact on the environment,
- Risk related to failure to meet the requirements of applicable contracts, including the implementation of Government Quality Assurance,
- Risk related to improper documentation management,
- Risk related to incorrect and ineffective internal and external communication,
- Risk related to incorrect determination of responsibility and entitlements,
- Risk related to non-compliance with legal requirements and internal procedures.

G.2.1., G.3.1.

Within the Comarch Capital Group, there are a set of mechanisms whose effective functioning allows to state that the company operates in accordance with the applicable internal regulations and rules - both at the national and international level. These mechanisms include, among others: establishing internal procedures defining processes and responsibilities, constant supervision over legal requirements, ongoing verification of process realization as part of internal audits and using internal IT systems dedicated to individual issues.

All the activities described above aim at minimizing the identified risks areas, managing them and keeping current control. The Comarch Group in its operation at all levels of the organizational structure

applies the precautionary principle, especially during the development and marketing of new IT products.

In order to implement the assumptions of individual policies, within the Comarch Group there are assigned to them e-mail addresses to which employees can submit their comments. Employees also have the opportunity of making anonymous claims regarding the violation of the provisions of the implemented policies, which are forwarded to the recipients in paper form via internal mail.

As part of the Integrated Management System, internal audits are carried out, the number of which in 2019 it was 216. Internal audits are carried out in all entities covered by IMS according to the annual plan.

As part of internal audits, there are statistics on non-compliance with the internal procedures of the Integrated Management System. There is also kept a register of strengths and weaknesses of audited entities. In 2019, 55 non-compliances, 265 strengths and 255 potentials for improvement were identified.

Detailed information on the Comarch's IMS Policy can be found at: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/polityka-jakosci/> (ENG: <https://www.comarch.com/company/quality/>).

Export Control System Policy

[dimensions: society, respect for human rights]

G.2.3.

Broadly understood technological development and rapidly growing competition put new requirements on software, implemented IT systems and goods in circulation. The necessity to meet these requirements means that the products provided by Comarch may be goods of dual-use and be used in a manner inconsistent with the principles of national and international law. To prevent such practices, the Export Control System Policy has been implemented within the Comarch Capital Group, whose main document is the Export Control System Policy. The main assumptions of this policy are as follows:

- Excluding the possibility of making a profit contrary to the requirements of the Export Control System Policy,
- Omission to handle trade in goods when it is contrary to national and international law,
- Enforce the rules of the Export Control System Policy at all workstations related to trade in goods,
- Supervision of the Transaction Control Officer over the course of the Export Control System Policy processes.

G.3.2.

As part of the Integrated Management System, the following critical risks were identified:

- The risk related to incorrect classification of products and services under ECS,
- The risk related to undertaking a cooperation with a contractor on the Lists of refusals,
- Risk related to the realization of transactions with entities from countries subject to legal sanctions,
- Risk related to non-compliance with legal requirements and internal procedures regarding ECS.

G.3.1.

Minimization of risks related to international trade in goods is carried out within the mechanisms described in the section "Integrated Management System Policy". In the case of the ECS, an important role play IT systems dedicated to issues related to them, e.g. a system of the contracts workflow, where individual steps enforce specific actions required by IMS. Specific, for ECS, processes, such as dealing with dual-use goods and services or verification of contractors on refusal lists, are described in internal procedures.

Supervision over specific, for ECS, processes is carried out as part of internal audits. Non-compliances, potential risks and opportunities are identified. There are also statistics in this area. In 2019, internal audits did not identify any inconsistencies in this area.

Security Policy

Information and information processing systems constitute critical and extremely important goodwill, which is why Comarch places great emphasis on protecting data and own and customers assets. A comprehensive information protection system based on the PN-ISO/IEC 27001:2014-12 and ISO / IEC 27002:2013 standards was implemented. The system has been certified by the Polish Centre for Testing and Certification (PCTC) since 2008 as part of the Integrated Management System. The system covers all internal processes supporting the company's activity and business processes and covers all of the company's assets.

The Security Policy regulations include organizational issues, raising of employee awareness, physical asset protection, IT technical security, business continuity and response to incidents of information security breaches. Internal policies and procedures have been defined to regulate the confidentiality, integrity and availability of Comarch and clients data, which in particular define:

- Rules for classifying and handling information,
- Comarch IT network management policy,
- Systems and application administration rules,
- Principles of staying at and access to Comarch premises,
- Principles of the use of assets and bringing equipment out of Comarch,
- Principles of securing personal computers,
- Principles of securing information mediums,
- Principles of remote access,
- Principles of email security,
- Password policy,
- Business continuity policy,
- Antivirus policy.

Many organizational and technical measures were implemented to ensure comprehensive and multi-level protection of data and assets to counteract and minimize the effects of information security incidents.

The system ensures a continuous process of monitoring and reacting to information security risks. It allows to continuous improvement of Comarch's as well as clients data and assets protection. Conclusions from the operation of the safety management system are reported to the Management Board and necessary improvements and corrective actions are taken.

Among the most important risk, which are counteracted by the implemented security measures, can be mentioned:

- breach of information security,
- unauthorized operations,
- unavailability of key services and Comarch space,
- compliance with regulations.

Within the company dedicated business units operate to deal with information protection, determination and implementation of standards and monitoring the security of Comarch's assets.

Business continuity plans were developed to maintain business continuity in key areas of the company.

Supplier Sustainability Policy

[dimensions: society, employment, environment, respect for human rights, corruption counteracting]

Comarch as a global organization specializing in the design, implementation and integration of advanced IT products has a significant impact on the functioning of the supply chain. In addition, as a company,

we realize that the success of undertaken projects depends not only on us but also, to a large extent, on our business partners. The key issue is the appropriate selection of contractors who meet the criteria to the greatest extent possible. Thanks to this, we can be sure that cooperation with them will in no way disturb the stability and efficiency of processes implemented within the supply chain.

The Comarch Capital Group has a Supplier Sustainability Policy, which defines the most important principles that the company follows during realizing the cooperation with business partners. In addition, this document is a commitment to a sustainable development policy and sets out requirements for key suppliers.

These commitments are implemented mainly through:

- Supporting and encouraging our clients and suppliers to act in accordance with the principles of ethics, social responsibility and environmental protection,
- Ensuring high quality products and services for customers on the international market, while paying particular attention to the safety of information resources, environmental aspects and health and safety of employees,
- Building a good partnership with suppliers based on mutual cooperation, trust and integrity,
- Conducting activities related to orders in accordance with rules of law and legal regulations-domestic and international,
- Selection of suppliers with the conviction that only responsible practices in the supply chain can ensure the highest quality of the final product or service, while at the same time caring for the environment, good work standards, business ethics and local communities.

We are convinced that high standards of conduct in business, to which Comarch undertakes to comply, should be also enforced from our contractors. That is why we require the following rules from our key suppliers:

- Managing environmental impact in a responsible manner in accordance with ISO 14001 or similar standards to reduce the negative impact on the environment,
- Applying occupational health and safety standards in accordance with OHSAS 18001 or a similar standard to minimize the risks associated with occupational risk and prevent injuries,
- Use with understanding of good business practices, social issues and related to environmental protection, which are related to the activities of the supplier,
- Operation in accordance with applicable law,
- Recognition of employees' right to associate and collective bargaining,
- Prohibition of discrimination in all its manifestations, due to: race, social status, ethnic origin, religion, disability, invalidity, gender, sexual orientation, relationship or political affiliation, age or marital status,
- Prohibition of employment of children under 16 and to apply corporal punishment, mental and physical coercion, abuse and sexual harassment,
- Elimination of forced labour.

G.3.2.

As part of the Supplier Sustainability Policy, the following critical risks were identified:

- Risk of disturbances of stability and efficiency of processes implemented within the supply chain,
- The risk of establishing cooperation with contractors who do not meet the requirements of the Policy and violate the principles of ethics, social responsibility and environmental protection,
- Risk related to the insolvency of contractors,
- Risk related to non-compliance with legal requirements and internal procedures regarding contractors.

G.3.1.

Cooperation based on principles followed by Comarch, consistent enforcement of requirements for contractors and the use of verification mechanisms and ensuring compliance with applicable regulations allow to effectively minimize the risk of instability and incompatibility within the supply chain. These mechanisms and relevant data are presented in the section "Integrated Management System Policy" and in Chapter [5. Contractors](#).

Policy of Respect for Intellectual Property of Third Parties

[dimensions: society, employment]

As a software development company, the Comarch Group understands the need to respect intellectual property rights and, for its part, strives to fully respect the intellectual property of third parties, including other software developers, as well as Comarch's suppliers and customers. Comarch abides by legal regulations concerning the principles of respecting intellectual property of third parties at the level of international, community and national law and supports the system of intellectual property protection. Comarch makes every effort to ensure the highest level of protection of intellectual property rights of third parties.

The basic policy objectives in force in the Comarch Group regarding these issues are:

- Taking care to ensure respect for intellectual property of third parties,
- Ensuring respect of patents, trademarks and other industrial property rights of third parties,
- The use of intellectual property, patents, trademarks and other industrial property rights of third parties in accordance with the law and the licenses obtained by Comarch,
- Use of third parties software only in the scope of licenses granted to Comarch,
- Protection of intellectual property, patents, trademarks and other industrial property rights of Comarch,
- Protection of Comarch's interests, in particular financial and legal,
- Care for the high quality of offered products and services,
- Risk management in the area covered by the policy,
- Intellectual property and licenses management.

Detailed objectives The policies resulting from the primary objectives are:

- Protection of intellectual property of Comarch's suppliers and recipients,
- Familiarizing Comarch employees with the policy and enforcing its compliance,
- Achieving transparency of the rules of using intellectual property of third parties by Comarch employees,
- Achieving the highest level of understanding and respecting for intellectual property rights,
- Prohibition of using the software by employees and associates of Comarch that infringes the intellectual property of third parties.

Comarch aims to achieve the objectives of the Policy by training employees and acting in accordance with the procedures ordering the process of evaluation, selection and acquisition of software and storage of licenses for:

- Software for Comarch's internal utility and office needs,
- Programming components and source codes for use in Comarch products,
- Programming components and source codes for use in programming services implemented in such a way that Comarch's work effects become the property of the client (Comarch dedicated products).

Policy objectives are also implemented through activities under the certified Export Control System, in accordance with the procedures for foreign trade in goods, technologies and services of strategic importance for national security, as well as for maintaining international peace and security.

The duties of each employee and co-worker of Comarch include knowledge and observance of the Policy of Respect for Intellectual Property Rights and procedures resulting from it, to the extent to which they relate to them, i.e. in the scope of:

- Responsibility for using Comarch software,
- Responsibility for using the software on Comarch hardware by an employee or co-worker,
- The manner of obtaining consent for the use of intellectual property of third parties in Comarch products and Comarch dedicated products,
- The manner of obtaining consent for the purchase of new software.

G.3.2.

As part of the Respect for Intellectual Property of Third Parties Policy, the following critical risks were identified:

- The risk of using unlicensed software for internal needs,
- The risk of illegal use of software owned by third parties in Comarch products,
- Risk of potential financial and legal claims as well as image losses,
- Risk related to non-compliance with legal requirements and internal procedures in the scope regarding respect for intellectual property of third parties.

G.3.1.

The minimization of risks related to respect for intellectual property of third parties is carried out as part of the mechanisms described in the section "Integrated Management System Policy". Both the supplier and the recipient of the software have the right to have their intellectual property rights respected. The guarantee of respect for intellectual property is the use of appropriate procedures by Comarch employees and co-workers while using this property. Realization of activities in accordance with the presented guidelines minimizes the risk of non-compliance with applicable legal regulations in this area and possible financial claims. In the case of detection or obtaining information regarding non-compliance with this Policy, as well as cases of intellectual property infringement of third parties, Comarch obliges its employees, co-workers, suppliers and recipients to report such cases to the Quality, Health and Safety Department and the Law Department via a dedicated email address.

Policy of Quality of Medical Devices

[dimensions: society, employment, environment, respect for human rights]

Besides the core activities related to software and IT systems development and the provision of services in this area, Comarch also conducts activities in the field of production and marketing of medical products and services.

In terms of health and safety impact, all products- medical devices created by Comarch S.A. and Comarch Healthcare S.A. are tested. These products are subjected to appropriate analysis and certification.

With a view to improving the life quality and a sense of security and for the health of our clients, Comarch offers a wide range of products and medical services. Offered products are created as a response to market needs in the field of prevention and treatment, and are prepared on the basis of the latest technologies as a result of the cooperation of Comarch qualified employees with the scientific medical community. Comarch guarantees the right quality and safety of the offered products, professional and ethical service, as well as help and advice tailored to the individual needs of customers.

In order to implement the provisions of the Policy of Quality of Medical Devices, the Board and employees of Comarch undertake to:

- Adapt products and services to the expectations and requirements of clients, maintaining the requirements of legal regulations in the scope of production and distribution of medical devices and provision of medical services as well as in the field of IT products and services,
- Place products and services on the market that meet the quality and safety requirements,
- Reliably inform about the quality and safety of the offered products and services,
- Constantly and systematically take care for the quality and competitiveness of the offered products and services,

- Develop cooperation with suppliers to improve the quality of offered products and services,
- Raise qualifications,
- Constantly improve the efficiency of the quality management system for medical devices.

The means of achieving the above objectives are implemented and constantly improved quality management systems developed and based on the requirements of:

- Directive 93/42/EEC Medical devices (MDD),
- EN-ISO 13485 Medical Devices standard. Quality Management Systems. Requirements for the purposes of legal provisions,
- ISO 9001 standards, Quality management systems. Requirements.

G.3.2.

As a part of the Policy of Quality of Medical Devices, the following critical risks have been identified:

- The risk of placing products and services that do not meet the quality and safety requirements,
- Health, life and safety risk of users of medical products and services,
- The risk of deterioration in the quality of medical products and services,
- Risk related to non-compliance with legal requirements and internal procedures in the scope of medical devices and services.

G.3.1.

Risk management in the field of medical devices is an extremely important, systemically regulated issue. As part of the implemented and certified quality management system for medical devices in accordance with the ISO 13485 standard, the company has functioning the risk management process, described in internal procedures. This process includes the principles of identifying risks related to the medical device, its accessories and software, estimating and assessing the acceptability of risks, controlling these risks and monitoring the effectiveness of control.

In the case of medical devices, there is also a possibility to report the medical incidents, i.e. irregularities regarding a medical device that may or may have led to the death or serious deterioration of the health of the patient or user of the device. A register of such cases is kept in Comarch. Since the beginning of the activity, no medical incidents have been identified in the field of medical devices.

4.2. Code of Conduct of the Comarch Capital Group

G.4.1., G.4.2., G.4.4., G.4.5., G.4.6., G.4.7., S.6.1.

[dimensions: society, employment, environment, respect for human rights, corruption counteracting]

The Comarch Group is convinced of the importance of respecting the existing regulations, legislation and acting in accordance with the ethical standards.

As one of the IT market leaders, Comarch feels obliged to promote ethics and wants to join the group of world leaders in terms of corporate responsibility, respect for human rights and environmental protection. Responsibility for achieving this goal lies with all employees of Comarch.

The Code of Conduct, in force in the Comarch Capital Group has been approved by its Management Board, which undertakes to regularly assess compliance with the principles contained in the Code and update its content based on the applications received.

The Code reflects the ethical values that the Comarch Group shares to and wishes to follow. It provides the employees of the Comarch Group with a pattern of behaviour towards their co-workers, supervisors and clients, partners and local communities, both in business and business-related relationships.

The Comarch Group Code of Conduct is disseminated and popularized through activities of the PR section of Comarch S.A.

The full text of Comarch's Code of Conduct can be found at: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/kodeks-etyczny/> (ENG: <https://comarch.com/company/code-of-conduct/>).

All ambiguities, problems related to the interpretation of the content of the Code of Conduct are solved by the Spokesperson on Ethics appointed by the Management Board. Comarch employees are encouraged to submit any comments and modifications related to the content of this Code of Conduct.

The Spokesperson on Ethics is responsible for:

- Supporting employees in compliance with the Code of Conduct,
- Promoting the idea of the Code inside the company,
- Updating the content of the Code,
- Responding to appropriate work on current employees' problems related to the ethics of their business activities.

G.3.2.

As part of the Code of Conduct of the Comarch Capital Group, the following critical risks were identified:

- Risk of violation of ethics, corporate responsibility, respect for human rights and environmental protection,
- The risk of child labour, forced labour, physical or mental coercion,
- The risk of discrimination in all its manifestations,
- Risk related to non-compliance with the rules of fair competition, prevention of bribery, illegal payments and corruption,
- Risk related to non-compliance with legal requirements, international standards regarding human rights and labour standards, internal procedures in the field of ethics.

G.3.1.

Comarch minimizes the risks related to non-compliance with the rules of the Code of Conduct by meeting basic recommendations for the safety of the work environment and adherence to international standards. Employees have the right to expect help and support from the Spokesperson on Ethics in the scope of reported inquiries to a dedicated email address. In addition, employees have the option of making anonymous reports about any violations of ethics through internal paper mail. According to the kept register, in 2015, on the above-mentioned address, 2 infringements of the Code were received, in 2016, there was one infringement of the Code and, in 2017, no infringements was received, in 2018, one such infringement was sent to the address whereas in 2019, 2 infringements were received. It should be emphasized, however, that none of the applications was related to the violation of labour law. All submissions were considered and analysed, and appropriate action was taken to resolve them.

G.4.3., S.3.4., S.6.2, S.6.3

In the occurrence of any irregularities, including in the dimension of employment, employees have the opportunity to report them to supervisors. In addition, reports of any infringements of working conditions, ethics and environmental protection may be reported by employees to the Spokesperson on Ethics to etyka@comarch.pl or anonymously by internal mail.

The verification of compliance in Comarch is continuous. Employees are periodically trained and may use various paths to report irregularities related to non-compliance with the Comarch Code of Conduct. Other interested parties, e.g. clients, often use the opportunity to verify ethical issues in the form of meetings, audits of the other party and by collecting information through questionnaires. As a result of conducted audits in 2016-2019, but these were not separate ethical audits, no ethical irregularities were identified.

Comarch does not carry out stationary ethical audits with suppliers, however, as part of the Supplier Sustainability Policy, Comarch supports and encourages suppliers to follow ethical principles in their activities. In the survey of suppliers carried out in 2019, on a question in the survey: Does your company

have implemented the Code of Conduct? "YES" was answered by 52% of companies participating in the survey. Suppliers who answered "YES" to this question in 2018 accounted for 44% of respondents. Comarch does not oblige suppliers to comply with ethical standards implemented in Comarch.

4.3. Human Rights

S.7.1., S.7.2., S.7.6., S.8.1., S.8.2.

The Comarch Capital Group respects and complies with international standards regarding human rights and international labour standards, treating them as fundamental and universal. Respects and implements labour law and occupational safety and hygiene regulations, and also ensures that employees are always treated in accordance with the applicable requirements.

Recognizing the right of employees to free association, Comarch undertakes a dialogue with the elected council of employee representatives. Comarch has not identified cases in which there may be a violation of the rules or there may be a serious risk of association and collective bargaining both within the organization and among suppliers.

Comarch respect to the prohibition of discrimination due to: race, social status, ethnic origin, religion, disability, invalidity, gender, sexual orientation, relationship or political affiliation, age or marital status.

Comarch guarantees freedom of opinion, conscience and religion as well as freedom of beliefs and expression. The Comarch Capital Group promotes team work free from any prejudices and consciously derives strength and values resulting from the diversity of its employees. In return, company makes every effort to provide its employees with fair and regularly paid wages, the possibility of development, interesting and ambitious challenges and very good working conditions.

The Comarch Capital Group protects the copyrights of its employees and also, in relation to international standards, respects intellectual property as an individual good, safe from abuse.

The Comarch Capital Group respect to the prohibition of the work of children under 16, forced labour, corporal punishment, mental and physical coercion and insults, as well as the prohibition of sexual harassment, and declares the workplace to be free of such practices.

G.4.6

Both Comarch S.A. as well as the Comarch Capital Group did not identify cases of violation of human rights, child labour or forced labour, including subcontractors. No complaints about respect for human rights were received.

Employees of the Comarch Group companies are trained in the dimension of respect for human rights and in the ethical area during first step training organized by the employer in the first days of work at Comarch.

Comarch S.A.	2019	2018
number of people participating in training	744	608
total number of training hours	744	608
% of trained employees from among newly hired	81%	90%

Comarch Capital Group	2019	2018
number of people participating in training	744	608
total number of training hours	744	659
% of trained employees from among newly hired	76%	85%

The Comarch Group companies do not employ security employees directly. External companies provide security services to Comarch. So far, in security renting agreements, no record connected with training

in human rights issues of a securities employees has been formalized. Works on annexes to contracts for rented security companies are underway, in which contractors will provide training for their employees with human rights issues.

4.4. Declaration of Polish Business for Sustainable Development

In May 2014, Comarch signed the "Declaration of Polish Business for Sustainable Development" and thus made assurance, that will actively work towards the development goals set out in the Vision of Sustainable Development for Polish Business 2050. The content of the Declaration is ten assumptions that will allow in the future, live with dignity and wisely use the limited resources of our Planet.

Signing of the Declaration took place with the inauguration of the 3rd Stage of the Sustainable Development Vision project for Polish Business 2050. The participants of the meeting were made aware with the proposals planned for the 3rd Stage of Vision 2050. The signatories of the Declaration have the opportunity to engage in the following working groups: social innovation, sustainable production

and consumption, renewable energy sources, greening the new perspective and small and medium enterprises.

The Vision 2,050 project refers to the international initiative taken by the World Business Council for Sustainable Development (WBCSD). Vision 2,050 is a joint project of the Ministry of Economy, Ministry of the Environment, Responsible Business Forum and consulting company PwC. The aim of the undertaken activities is to integrate business in Poland around the idea of sustainable development, to indicate to business representatives the importance of challenges in this area and to strengthen the administration and business dialogue to develop specific solutions to support the implementation of Poland's development goals. Comarch has been cooperating with the organization of the recovery of electrical and electronic equipment for several years.

By signing the "Declaration of Polish Business for Sustainable Development," Comarch committed to:

- Support its activities for broad cooperation, innovative thinking and education of both your own employees and society,
- Conduct its business based on trust and dialogue,
- Cooperate with academic centres and schools in the field of education of future employees,
- Create conditions and development opportunities for employees,
- To promote and support the implementation of new technological solutions,
- Create infrastructure and conduct investments based on dialogue and in accordance with the principles of sustainable development,
- Take action to reduce its negative impact on the environment,
- Introduce a solution that reduce energy consumption, both in the implementation of new technological solutions, process optimization and education,
- Conduct a dialogue with the government and share its experiences on issues important to entrepreneurs and the economy,
- Raise the level of ethics in business, including in relations with all groups of stakeholders.

The risk for the above Declaration is failure to meet its assumptions. Comarch is successively striving to meet them through effective implementation of processes within the Integrated Management System and implementation of all the above-described policies.

4.5. Corporate Social Responsibility

S.9.1., S.9.3., S.9.4., S.9.5., S.9.6.

Socially responsible business is largely based on activities for the benefit of the local community. Comarch Capital Group from the beginning of its activity has been widely involved in social activities, propagating the idea of creating a broad social platform, on the grounds of which sport and the latest IT technologies are promoted. Also important are activities that promote a healthy lifestyle and

environmental protection, help animals, as well as involvement in culture and supporting initiatives of local communities.

CSR foundations in Comarch are the basis for activities in the area of corporate social responsibility is the Code of Conduct adopted and functioning in the company. Due to the high activity of the Comarch Group in the area of Corporate Social Responsibility, work has started on a comprehensive CSR policy for the Comarch Group, regulating the issues described above. The detailed CSR report in the Comarch Group is documented and presented every year in the Corporate Social Responsibility Report of the Comarch Group, which is posted on the Internet at: <http://www.comarch.pl/o-firmie/zrownowazono-biznes/csr/> (<https://www.comarch.com/company/corporate-social-responsibility/>).

Every year, the Comarch Group observes an increase in employee involvement in actions undertaken in the area of CSR. The email address csr@comarch.pl was created for communication, the possibility of reporting new issues in this area.

4.6. Prevention of Corruption

[dimensions: society, employment, corruption counteracting]

The Comarch Group respects the principles of fair competition, prevention of bribery, illegal payments and corruption.

The Anti-Corruption Policy, implemented in the Comarch Group, is a set of obligatory rules and standards of conduct aimed at preventing and responding to activities that may be marked by corruption. The Anti-Corruption Policy sets out how to deal with a threat of corruption or corrupt behaviour.

The Anti-Corruption Policy complements the provisions of national and international law in the field of anti-corruption, and the obligation to comply with these provisions rests with each employee, co-worker and representative of the Comarch Group.

The adopted Anti-Corruption Policy defines the principles to which all employees, co-workers and representatives of the Comarch Group are obliged to adhere, which are above all:

- transparency of operations and zero tolerance of corruption,,
- compliance with national and international law.

The Policy is complemented by the Comarch Group Anti-Corruption Guidelines, which contain detailed rules of conduct for employees, co-workers and representatives of the Comarch Group, aimed at preventing the occurrence of corruption risks and responding to any symptoms of corruption.

G.3.1.

Suspected violations of the principles of the Anti-Corruption Policy or other legal regulations may be reported by employees to etyka@comarch.pl or anonymously to the Spokesperson on Ethics.

Legal action wasn't taken against Comarch S. A. or any other company in the Comarch Group concerning infringements of free competition rules and monopolistic practices. Non-financial sanctions have not been imposed for non-compliance with laws and regulations.

S.10.1

The Group has assessed its operations in terms of the potential for corruption and is taking measures to minimise the associated risks, including by implementing procedures to prevent corrupt behaviour, as well as by providing training to employees who may come into contact with such behaviour.

G.3.2.

As part of good anti-corruption practices, the following critical risks were identified:

- Risk related to non-compliance with the rules of fair competition, prevention of bribery, illegal payments and corruption,
- Risk of conflicts of interest within the scope of conducted activity,
- The risk of losing a job, imposing financial penalties and notifying law enforcement authorities,

- The risk related to the occurrence of illegal benefits for employees, business partners or other third parties (including civil officers and representatives of political parties),
- The risk related to non-compliance with legal requirements and internal procedures, regarding to the rules of corruption counteracting.

Internal financial and accounting processes are built based on IT systems that require multi-level decisions and verifications. Access to key data and functions is limited and supervised, and activities are logged. All this is designed to prevent unauthorized transactions by employees.

Absence of tolerance for corruption and compliance of the principles of fair competition are also contained in point V of the Comarch Capital Group's Code of Conduct..

S.10.3

No confirmed occurrences of corruption.

Comarch does not provide support for political parties, politicians or institutions of a similar nature.

S.10.2

No occurrences of corruption-related behaviours were reported.

4.7. Corporate Governance

G.2.1., G.2.3.

Corporate governance is a set of rules of conduct, addressed both to the bodies of companies and members of these bodies, as well as to majority and minority shareholders. The corporate governance principles refer to the broadly understood management of the Company. Comarch S.A. is subject to a new set of corporate governance principles called "Good Practices of WSE Listed Companies 2016", adopted by the Warsaw Stock Exchange Board in Warsaw in 2015

Good Practices of WSE Listed Companies is the subject of annual reports on conduct in compliance with corporate governance principles drawn up by listed companies. Attached to the annual report made public on 29th of April, 2020, the Management Board of Comarch S.A. submitted a statement on the application of corporate governance principles by Comarch S.A. in 2019.

The Management Board and the Supervisory Board of Comarch S.A. make every effort to comply with most of the principles of Good Practices of WSE Listed Companies in the scope covered by the principle of "comply or explain" - which is based on providing the market by the company with clear information about the breach of practice. In 2019, as in previous years, Comarch S.A. did not comply with the recommendation to use the right to vote during the general meeting personally or through a proxy, outside the venue of the general meeting, using electronic means of communication. The company also does not apply a part of the policy of remuneration. Detailed information on this subject can be found in the Statement regarding the acceptance of corporate governance principles in Comarch S.A. published in 2019.

In accordance with the corporate governance principles and the Commercial Companies Code in Comarch S.A. the Supervisory Board operates together with a separate audit committee.

The Supervisory Board supervises the ongoing operations of the Company and the Group, in particular through:

- monitoring and analysing of the financial and organizational situation,
- evaluation of the strategy implementation by the Management Board,
- setting business goals for members of the Management Board and assessing their implementation,
- evaluation of the operations of selected business areas
- analysis and assessment of the risk related to the activity,

- supervision over the Export Control System,
- assessment and approval of financial statements.

The tasks of the Audit Committee cover in particular:

- supervising the reporting process and financial auditing,
- monitoring the effectiveness of export control systems, internal audit and risk management,
- verification of the independence of the expert auditor and the entity authorized to audit financial statements.

The full text of the Statement regarding the acceptance of the corporate governance principles is also available at: www.comarch.pl/relacje-inwestorskie/lad-korporacyjny (<https://comarch.com/investors/corporate-governance/>).

4.8. Risks within Integrated Management System

G.3.1., G.3.2.

Each of the subsystems included in the Integrated Management System Comarch covers its scope with a different subject matter and is characterized by specific risks. The Quality Management System puts a special emphasis on the risks associated with the overall functioning of the organization and its processes, documentation and relations with Suppliers. Environmental and occupational health and safety management take into account risks related to employee issues and impact on the environment. The Export Control System Policy regulates the issues of international trade in goods and technologies and ensures compliance of processes with specific legal requirements. The AQAP system, concerning the implementation of projects for the armed forces, contains restrictive requirements and is built on risk management as part of ongoing projects. An opportunity for the organization is to start cooperation with new clients, establish new business relations.

These risks are considered and taken into account at various levels - starting from the policies defining the main assumptions in a given field, through the procedures governing the functioning of processes, and ending with specific actions embedded in the internal mechanisms and information systems used by Comarch. The risks listed and specific mechanisms for managing them are described in the previous chapters.

Comarch is aware of the importance of identifying, analysing and dealing with risk. As part of the activities carried out, the Integrated Management System is adapted on an ongoing basis to the requirements of the updated ISO standards, in which particular emphasis is put on issues related to risk - a risk-based approach to management is recommended and risk at system level should be considered.

5. Contractors

Within the organizational structure of the Comarch Group there is a Contractor Management Department involved in verifying and analysing contractors.

The main competences of this department include:

- managing of the database of system counterparties operating within the Comarch Group (verification, analysis, collection of documents),
- managing of access to data and analyses of external companies from the business information industry,
- preparing of reports (a broad spectrum) about contractors of the Comarch Group for the needs of other departments or auditors,
- participating in suppliers' evaluation and selection procedures.

G.1.2., S.4.12., S.6.4., S.7.4., S.7.6., S.8.4., S.15.1., S.15.3., S.15.4.

5.1. Suppliers

The main sources of supply for Comarch S.A. and the Comarch Capital Group are international concerns, i.e. manufacturers of computer hardware and software as well as electronics, which are used for the equipment production. Most orders are made through purchases in local branches and local distribution. The activity of the Comarch Group is not dependent on a single supplier. In 2019, as in the previous year, none of the contractors provided products or services with a value exceeding 10% of the Comarch Group's sales revenues.

The Comarch Capital Group has an enormous range of products and services, of which the implementation requires cooperation with suppliers, which complement the portfolio of services and own licenses and allow the extension of the offer with third party products.

The portfolio of third-party products includes primarily well-known and internationally recognized brands and manufacturers. Comarch cooperates with suppliers mainly through local authorized distributors that help in solving of logistic problems as well as organizing of fast delivery to the customer.

Comarch's suppliers are producers of computer hardware, licensors, service providers, contractors and electronics manufacturers. The last regards the production offer of own devices developed in the Comarch Group.

The due date normally used in contracts with suppliers is 30-60 days. The Comarch Group strives to ensure that liabilities to suppliers are settled on time. As in the previous year, the rate of payments received on-time in Comarch S.A. amounted to 95% of the value of liabilities and 93% in the Comarch Group.

Comarch, a global integrator and creator of innovative solutions and information systems, in the care of the quality of its products and services, attaches great importance to the careful selection of suppliers.

The main selection criteria are: price, time of order fulfilment and opinion on the market. However, consideration is also given to aspects related to respect for human rights suppliers, employment practices, the impact of their activities on the local community and the environment.

For years, actively working for sustainable development, Comarch encourages suppliers to follow ethical principles, social responsibility and manage environmental impact in a responsible manner. Hence, based on international recommendations contained among others in the Universal Declaration of Human Rights of the UN, International Labour Standards of the ILO, ISO standards and many others, the Supplier Sustainability Policy was developed.

In accordance with its assumptions, Comarch from its key suppliers requires compliance with the following rules:

- managing environmental impact in a responsible manner in accordance with ISO 14001 or similar standards to reduce the negative impact on the environment,
- applying occupational safety and health standards in accordance with OHSAS 18001 or a similar standard to minimize risks related to occupational hazards and prevent injuries,
- applying with understanding good business practices, social issues and environmental protection, which are related to the activities of the supplier,
- operating in accordance with applicable law,
- recognizing of employees' right to associate and collective bargaining,
- prohibiting of discrimination in all its manifestations, due to: race, social status, ethnic origin, religion impairment, disability, gender, sexual orientation, relationship or political affiliation, age or marital status,
- no employing children under 16 and on corporal punishment, mental and physical coercion, abuse and sexual harassment,
- elimination of forced labour.

Companies applying for the status of a Comarch supplier receive a questionnaire to complete, which contains questions about the scope of implemented and certified management systems, regarding occupational health and safety, social responsibility, care for environmental protection, energy

management and information protection. Answers provided in the questionnaire are validated, and then the company is qualified by the system to one of four categories of suppliers: I - chosen for cooperation in the first place, II - second order, III - reserve, IV - risky. The highest, first category is given to those companies that declare adherence to the highest standards.

In 2018, surveys have been sent to 154 suppliers. 18 companies sent back the answer. In 2019 another 227 surveys have been sent. 25 companies sent back the answer. In addition, in accordance with the supplier analysis procedure, the dispatch of surveys is repeated on a regular basis every year in the event that suppliers notice changes in their organisation in the areas covered by the survey.

In the next stage of the analysis, after the execution of the order, the quality of cooperation is also evaluated. Included are: flexibility in solving problems, information flow during the process of ordering, keeping the delivery deadline / performance of the service, compliance of the order with the specification, invoice compliance with arrangements (price, payment terms). Based on the average assessment of cooperation from the last year of the assignment provider is one of four categories: I - chosen for cooperation in the first place, II - second order, III - reserve, IV – risky.

Results, condition as of 11th of February, 2019. Cooperation with 110 suppliers was assessed.

Category			
I	II	III	IV
98%	2%	0%	0%

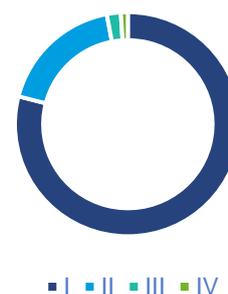
Cooperation assessment



Results, condition as of 31th of December, 2019. Cooperation with 284 suppliers was assessed.

Category			
I	II	III	IV
79%	18%	2%	1%

Cooperation assessment



The results of supplier analysis are collected in the IT system, which allows quick generation of cross-sectional reports and conducting periodic monitoring.

Geographical structure of suppliers

According to the geographical structure of operations, the Comarch Group distinguishes the following market segments: Poland, Europe-DACH, Europe-other, America and other countries. Local suppliers are defined as having their headquarters in a country where Comarch operates.

The following tables present the share of purchase values from suppliers in each location.

Suppliers of Comarch S.A. - share of purchase value from suppliers in each location	2019	2018
Poland	83%	83%
DACH	4%	3%
Europa-other	11%	11%
Americas	1%	1%
Other	1%	2%

Comarch business region - share of purchase value from suppliers in each location	Local suppliers %		Foreign suppliers %	
	2019	2018	2019	2018
Poland	98%	98%	2%	2%
DACH	51%	55%	49%	45%
Europa-other	38%	36%	62%	64%
Americas	54%	43%	46%	57%
Other	33%	44%	67%	56%

G.4.7, S.4.11., S.7.3., S.8.3., E.7.5.

The following table shows the percentage of contracts signed in previous years by the Comarch Group companies with software and hardware manufacturers and key subcontractors (exceeded the

turnover of PLN 100,000), contains provisions typical of ethical standards, anti-corruption, health and safety, and respect for human rights. The companies with which Comarch cooperates are large international corporations, where a lot of attention is paid to compliance with ethical requirements, work safety regulations, human rights, including the prohibition of child labour or forced labour.

Comarch analyses and selects suppliers to promote those companies that are guided by the principles of ethics, social responsibility, human rights and environmental protection.

KEY MANUFACTURERS AND SUBCONTRACTORS 2019	Ethics	Health and Safety	Human rights	Respect for the environment	Human rights including the prohibition of child labour or forced labour
Comarch S.A.	86.0%	70.0%	73.8%	70.0%	73.8%
Comarch Group	86.3%	69.5%	73.1%	69.5%	73.1%

KEY MANUFACTURERS AND SUBCONTRACTORS 2018	Ethics	Health and Safety	Human rights	Respect for the environment	Human rights including the prohibition of child labour or forced labour
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Comarch S.A.	60.4%	35.5%	54.4%	47.9%	54.4%
Comarch Group	66.2%	31.7%	61.0%	32.3%	61.0%

5.2. Customers

S.15.2.

Regarding the type of IT systems offered by Comarch, the main group of recipients are medium and large enterprises, which are the largest recipients of advanced IT solutions all over the world. Most Comarch products are addressed to a specific group of customers, whereas IT services, due to their universal character, are offered to each group of clients. The Comarch offer is intended for Polish and foreign clients. For many years, one of the main strategic goals of Comarch has been the development of sales of increasing number of products on foreign markets, in particular in Western Europe, Americas and Asia. The sales of the Comarch Group are highly diversified and there is no dependence on one recipient. Similarly, for Comarch Group, sales in 2019 to any of the contractors did not exceed 10% of total sales.

The most important principles of the Comarch Capital Group are: responsibility for the clients' success as well as respect and openness to their needs. Comarch provides its clients with innovative IT products of the highest quality, thanks to high skills, experience and competence of employees, cooperation with leading research and science centres both in Poland and abroad. Comarch makes every effort to ensure that the delivered IT solutions meet the highest standards and customer expectations.

Contacts with the public sector

In terms of contacts with public sector entities (central and local government administration, municipal companies, State Treasury companies, public health care centres), the provisions of the Public Procurement Act of 29th of January, 2004 (Journal of Laws of 2017, item. 1579 with later changes). These provisions regulate the manner of communication with the ordering party during the tender procedure, the scope of activities that may be undertaken by the parties to the proceedings and legal protection measures.

Security in international business

In order to ensure control and security of foreign trade of goods, technologies and services of strategic importance for the State's security, the Comarch Capital Group has implemented an Export Control System Policy that ensures the application of international and domestic standards and legal requirements. Comarch does not sell products that are banned or cause controversy among stakeholders.

Customer satisfaction survey

The Customer Satisfaction Survey Program is a chance for Comarch to obtain information and then to introduce improvements to ensure a high level of satisfaction from cooperation with Comarch. As part of the program, we examine the opinion of our clients about the services and products manufactured by Comarch.

The basic element of the survey is a short on-line questionnaire sent to our clients, which contains closed questions with grades 1-10 and open-ended questions. Respondents are divided into three groups of clients: management, project managers and users.

Thanks to the information obtained from the surveys, we can correctly identify and prioritize actions aimed at providing our clients with maximum satisfaction from cooperation with Comarch.

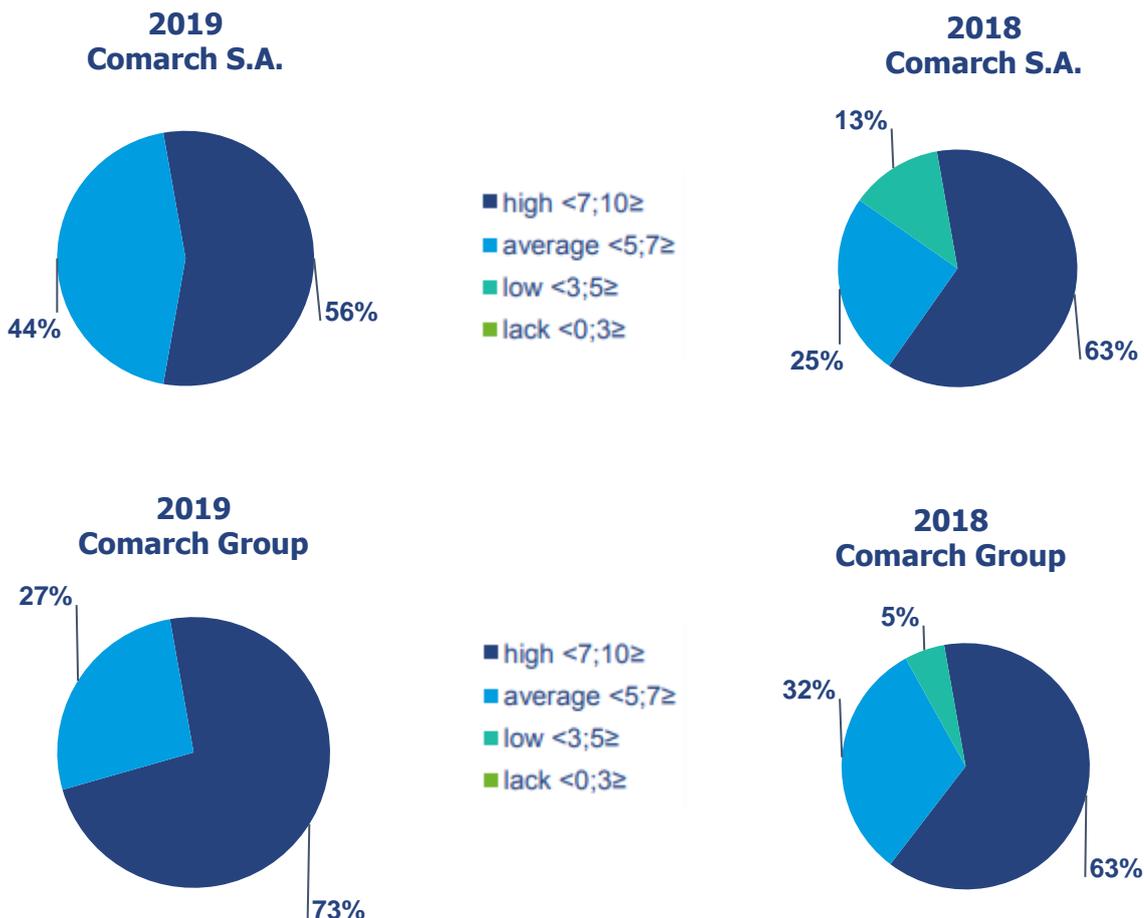
Phases of customer satisfaction survey:

- Collecting customer reviews,
- Analysing of reports,
- Determining corrective actions,

- Implementation of corrective and preventive actions,
- Verifying of the implementation of corrective and preventive actions.

The following pie graphs show how the overall satisfaction with cooperation with Comarch in 2019 was shaped. The indicator of average customer satisfaction consisted of, among others, general satisfaction with cooperation with Comarch, willingness to recommend Comarch products/services to another company, willingness to purchase Comarch products/services in the future, satisfaction with Comarch prices compared to their quality, the way how Comarch conducts business talks, negotiations and signing of contracts.

Overall customer satisfaction with cooperation with Comarch in 2019:



Scale: 1 - the customer is completely dissatisfied; 10- customer fully satisfied

Below we present the highest rated aspects of satisfaction of clients of Comarch S.A. and Comarch Group:

- High personal culture and the ability to communicate,
- Expertise of employees,
- High quality of services provided,
- Customer focus,
- Rapid response to the notification,
- Flexibility in adapting software to customer needs,
- Product quality.

5.3. Safety of Products and Consumers

Comarch is a producer of IT solutions and an integrator. Since 1993 Comarch has been helping clients to achieve greater profitability and profit from modern products and solutions, using a wide range of tools complemented by top quality services. Comarch has gained experience in the most important industries (in telecommunications, finance, banking and insurance, trade and services, IT infrastructure, public administration, industry, health care, as well as small and medium-sized enterprises) thanks to projects carried out for the largest Polish and world brands (<https://www.comarch.pl/o-firmie/profil/> (<https://www.comarch.com/company/comarch-at-a-glance/>)).

Comarch is also a manufacturer of electronic devices, including medical devices. Comarch makes every effort to ensure that the products introduced meet the needs of the market and consumers, while being safe. Manufactured products shall, where applicable, be subject to conformity assessment as defined in the applicable regulatory requirements, including the required tests and trials for safety and performance. Comarch also provides reliable information on the intended use of the offered products; it also informs about the risks associated with the products during their normal or reasonably foreseeable use during the life of the product, taking into account situations where the benefits of using the product outweigh the possible risks.

When producing electronics, Comarch also takes into account the requirements related to environmental protection.

In the years 2017 - 2019, neither Comarch S.A. nor any other company in the Comarch Group was penalised for non-compliance with laws and regulations on the provision and use of products and services.

In order to strengthen the quality and safety assurance of the offered products, Comarch S.A. has implemented and certified the Integrated Management System described in section [4.1](#).

S.11.1.

There have been no instances of breaches of procedures regarding the safety of products and services.

S.11.3., S.12.3.

No penalties have been imposed on Comarch SA or Comarch Group companies for non-compliance with laws and regulations on issues related to customer safety, reliability and ethics of marketing communication.

S.12.1.

The Comarch Group did not report incidents of non-compliance with regulations and voluntary codes concerning marketing communication (including advertising, promotion, sponsorship).

S.13.1., S.13.2., S.13.3.

Due to the entry into force of the regulation on personal data protection in 2018, the Comarch Group has implemented a number of personal data protection procedures supplementing the policies and procedures based on ISO standards that have already existed in the company for many years.

In accordance with the requirements of Regulation (EU) 2016/679 of the European Parliament and of the Council of the 27th of April, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and the repeal of Directive 95/46 /WE (RODO) article 33 paragraph 5, companies of the Comarch Group keep records of violations of personal data protection - internal records of violations of personal data protection, as well as the Inspector of Personal Data Protection.

Both in 2018 and 2019, there were no administrative proceedings conducted against Comarch Group companies (e.g. UODO) as well as no penalties have been imposed for non-compliance with the law and regulations on issues related to personal data protection (broken down into legally binding and non-binding ones).

In 2019, fifteen infringements of personal data protection in the Comarch Group were reported which, after analysis, did not need to be reported to the supervisory authority due to the low probability that they would result in a risk of violation of rights or freedoms of natural persons and one infringement which was reported to the supervisory authority.

The increase in the number of violations recorded in the internal register in comparison to 2018, where only three such situations were recorded, is related to a noticeable continuous increase in employees'; awareness in the area of personal data protection, in connection with the training courses conducted and instructions implemented on an ongoing basis, which translates into better detection and reporting of violations, and thus affects the prevention of further violations.

S.11.2., S.12.2., S.14.2., S.15.5.

No proceedings were conducted by UOKIK (Office for Competition and Consumer Protection).

S.15.6.

Neither Comarch S.A. nor other Comarch companies has been punished for any anti-competitive and anti-market behaviour.

S.14.1., S.14.3.

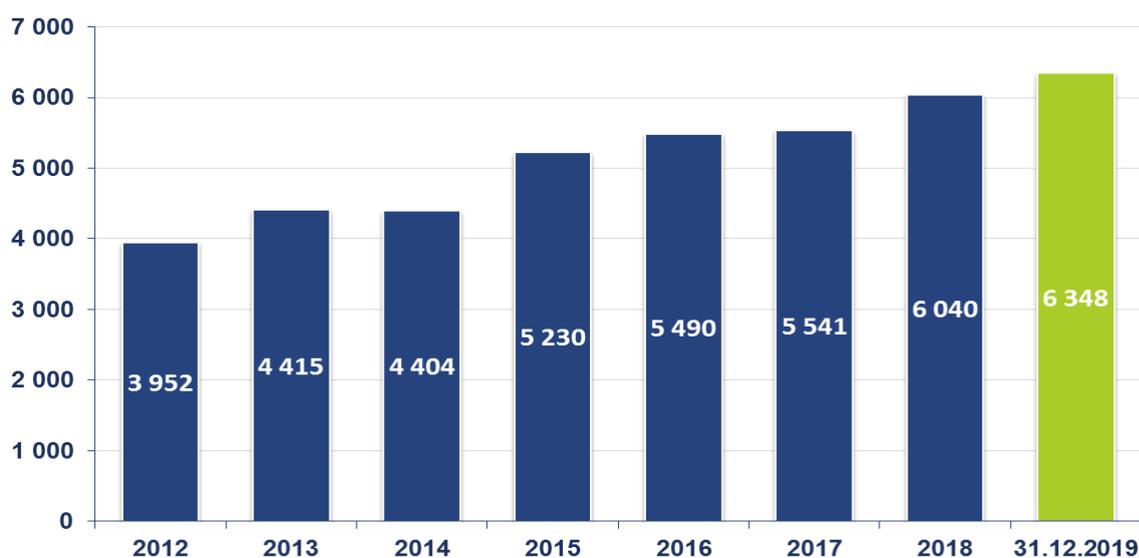
Neither Comarch S.A. nor other Comarch companies has been subjected to any penalties related to improper product labelling. There were also no cases of non-compliance related to the incorrect labelling of the product.

6. Human Resources (Social and Labour Area)

S.2.6., S.2.7., S.2.8., S.3.2., S.3.6.

The basic factor limiting the production capacity are human resources. To constantly invest in new products and IT technologies, the company needs employees with appropriate education and a wide range of competences. The company flexibly manages employee teams by continuously optimizing the allocation of resources in current commercial projects and internal R&D projects (construction of new products and updating of existing software not directly related to contracts with customers), using proprietary IT solutions for this purpose. As a result, the use of human resources is close to 100%. The Group diversifies the risk of restrictions on the availability of human resources by operating in 17 branches located in urban centres in Poland. As at 31st of December, 2019, 3,544 employees were employed in Krakow, 2,184 in other cities in Poland and 620 outside of Poland.

As at 31st of December, 2019 at Comarch S.A. 4,979 people were employed compared to 4,679 people employed as at 31st of December, 2018, while in the entire Capital Group the number of employees increased to 6,348 persons, compared to 6,040 people as at 31st of December, 2018.



6.1. Average Employment in Comarch Group from 2015 to 2019

Average employment in Comarch S.A., from 2015 to 2019 is presented in tables below:

Average number of employees	2019	2018	2017	2016	2015
Employment agreement	4,057	3,753	3,492	3,416	3,121
Other form of employment	930	934	844	888	860
Total	4,987	4,687	4,336	4,304	3,981

Average number of employees	2019	2018	2017	2016	2015
Production employees and technical consultants	4,330	4,052	3,733	3,698	3,403
Marketing and sales	180	168	161	179	177
Management and administrative	414	407	372	353	340
Other	63	60	70	74	61
Total	4,987	4,687	4,336	4,304	3,981

Average employment in the Comarch Group, from 2015 to 2019 is presented in tables below:

Average number of employees	2019	2018	2017	2016	2015
Employment agreement	5,087	4,727	4,393	4,323	4,066
Other form of employment	1,361	1,364	1,245	1,276	1,238
Total	6,448	6,091	5,638	5,599	5,304

Average number of employees	2019	2018	2017	2016	2015
Production employees and technical consultants	5,103	4,797	4,369	4,342	4,104
Marketing and sales	321	298	293	336	339
Management and administrative	499	495	458	434	427
Other	525	501	518	487	434
Total	6,448	6,091	5,638	5,599	5,304

Due to the constant development of its activity, both Comarch S.A. as well as the Comarch Group systematically increase the level of employment. The employment dynamics in 2019 was slightly higher than in previous years, which is caused by high demand for human resources in 2019.

6.2. Employment Rotation

S.2.2., S.2.3.

In 2019, the rotation among employees of Comarch S.A. and the Comarch Group did not differ from the previous years and remained at the standard level for the industry. The company strives to minimize employee turnover, especially among those key to Comarch's activity.

There were no complaints regarding employment practices under the formal complaint mechanisms.

6.3. Contracts under which Work is Provided

S.2.1., S.2.4.

The dominant form of employment in Comarch S.A. and Comarch Group is employment contract. The duration of the employment contract (fixed-term or open-ended contract) depends on the employee's length of service. Other forms of employment are used only in justified cases (e.g. combining education with work).

Total number of employees at Comarch S.A. and the Comarch Group:

Type of employment	Time	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
Open-ended contract	Part Time	183	179	151	142
	Full Time	2,182	2,175	2,898	2,867
	Total	2,365	2,354	3,049	3,009
Fixed-term contract	Part Time	74	54	84	67
	Full Time	1,613	1,336	1,925	1,638
	Total	1,687	1,390	2,009	1,705
Total		4,052	3,744	5,058	4,714

Type of employment	Age	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
Open-ended contract	Under 30 years	476	484	574	568
	30-50 years	1,841	1,829	2,318	2,292
	over 50 years	48	41	157	149
	Total	2,365	2,354	3,049	3,009
Fixed-term contract	Under 30 years	1,244	1,119	1,382	1,257
	30-50 years	430	263	588	416
	over 50 years	13	8	39	32
	Total	1,687	1,390	2,009	1,705
Total		4,052	3,744	5,058	4,714

Type of employment	Sex	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
Open-ended contract	Women	703	695	954	916
	Men	1,662	1,659	2,095	2,093
	Total	2,365	2,354	3,049	3,009
Fixed-term contract	Women	524	422	642	555
	Men	1,163	968	1,367	1,150
	Total	1,687	1,390	2,009	1,705
Other forms of employment	Women	104	108	260	292

Men	823	827	1030	1,034
Total	927	935	1,290	1,326
Total	4 979	4 679	6 348	6 040

S.2.5.

The number of employees in the Comarch Group as part of outsourcing is a small percentage of all employees.

In 2018-2019, all employees employed under a contract of employment at Comarch S.A. and in the Comarch Group were paid higher than the minimum wage.

Significant indirect economic impact

Workplaces created by Comarch S.A. and Polish companies of the Comarch Group in individual voivodships of Poland as at the last day of the year, all types of employment:

POLAND voivodeship	Comarch S.A.		Polish Companies of Comarch Capital Group	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
dolnośląskie	216	195	221	201
kujawsko-pomorskie	33	30	33	30
lubelskie	167	150	173	154
łódzkie	388	375	400	394
małopolskie	3,036	2,897	3,561	3,424
mazowieckie	289	241	337	284
opolskie	1	0	1	0
podkarpackie	50	52	55	55
podlaskie	26	20	38	32
pomorskie	75	71	101	89
śląskie	441	412	544	507
świętokrzyskie	48	49	50	50
warmińsko-mazurskie	1	1	1	1
wielkopolskie	208	186	211	188
zachodniopomorskie	-	-	2	2
Total	4,979	4,679	5,728	5,411

Comarch S.A. and the Comarch Group diversifies the risk of restrictions on the availability of human resources by operating in 17 branches located in urban centres in Poland. By opening new branches and creating new workplaces, Comarch contributes to the development of the regions in which it operates.

Workplaces created by foreign companies of the Comarch Group in particular countries as at the last day of the year, all types of employment:

FOREIGN COUNTRIES		
country	31 December 2019	31 December 2018
Albania	-	1
Saudi Arabia	2	3
Argentina	3	6
Austria	11	10
Belgium	21	-
Brazil	20	41
Chile	27	28
Finland	1	1
France	80	71
Spain	12	12
Netherlands	3	1
Japan	1	1
Canada	-	3
Columbia	14	15
South Korea	1	-
Luxembourg	-	2
Malaysia	3	5
Germany	246	267
Panama	4	5
Peru	9	9
Russia	2	3
United States of America	21	17
Switzerland	20	21
Sweden	1	1
Thailand	11	7
Turkey	2	2
Ukraine	68	66
Great Britain	9	7
Italy	18	14
United Arab Emirates	10	10
Total	620	629

A large part of the Comarch Group's revenue comes from foreign markets, so there is a need to obtain human resources also outside Poland. Foreign companies adjust the number of employees to the current contract demand by setting up new subsidiaries and creating new locations around the world. Although in a smaller share than in Poland, however, also abroad Comarch contributes in this way to the development of the regions in which it operates.

S.2.15.

In the Polish companies of the Comarch Group, additional medical packages are a benefit available to persons employed on a contract of employment (regardless of the duration of the contract and working time). In the foreign companies of the Comarch Group, additional medical packages are provided taking into account local regulations and market practices in this regard.

S.2.14.

Indicators of returning to work and maintaining employment after maternity/paternity leave, in division by gender:

Comarch S.A. and the Comarch Group supports employees deciding on parenthood and provides the opportunity to return to work after taking a leave related to maternity/paternity. The vast majority of employees return after their maternity/paternity leave to previously occupied positions. Comarch S.A. and the Comarch Group enable flexible adaptation of the working time to the needs related to parenthood.

	Sex	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
The number of people who took of maternity/paternity leave	Woman	97	85	132	110
	Men	2	6	14	12
	Total	99	91	146	122
The number of people who returned to work after the maternity/paternity leave	Woman	80	73	97	92
	Man	1	7	12	13
	Total	81	80	109	105
Return to work rate ^{a)}	Woman	96%	92%	73%	84%
	Man	100%	100%	100%	100%
Number of people who returned to work after maternity/paternity leave and was still employed for 12 months after returning to work	Woman	63	69	75	92
	Man	4	7	10	7
	Total	67	76	85	99
Employment maintenance rate ^{b)}	Woman	86%	96%	84%	91%
	Man	57%	88%	53%	78%

a) Return to work rate - the ratio of the total number of employees who returned to work after maternity/paternity leave to the total number of employees who should return to work after maternity/paternity leave

b) Employment maintenance rate - the ratio of the total number of employees who maintained their job 12 months after returning to work after maternity/paternity leave to the total number of employees returning from maternity/paternity leave in previous reporting periods

The minimum period of standard notice given to employees and their selected representatives before the implementation of important operational changes that may have a significant impact on the employees of Polish companies of the Comarch Group is 4 weeks. Due to the lack of collective agreements in the Polish companies of the Comarch Group, the period of notice and the need for consultation and negotiations are not included in collective agreements. In the foreign companies of the Comarch Group, the periods of notice differ and depend on many factors, i.e. legal regulations of a given country, seniority or type of contract.

Covering the organization's pension liabilities resulting from defined benefit programs

Employee Pension Plan has not been implemented in the Polish companies of the Comarch Group. Employees of some of the Comarch Group's foreign companies participate in pension programs appropriate for the given countries. In 2019, in accordance with the applicable law of Comarch S.A., iComarch24 S.A., Geopolis sp. z o.o., Comarch Polska S.A., Comarch Healthcare S.A., CA Consulting S.A. and Comarch Infrastruktura S.A. signed agreements for the maintenance and management of Employee Capital Plans with Aviva Specjalistyczny Fundusz Otwarty PPK managed by Aviva Investors TFI S.A.

Composition of management, supervisory and staff bodies in division by categories by sex and age

All representatives of the management bodies of Comarch S.A. they are Polish citizens. The division by number of supervisory authorities by diversity category:

Year	Management body	Age	Woman	Man	Total
2019	Supervisory Board	under 30 years	-	-	-
		30-50 years	2	-	2
		over 50 years	2	3	5
		Total	4	3	7
	Management Board	Under 30 years	-	-	-
		30-50 years	-	6	6
		over 50 years	-	1	1
		Total	-	7	7
	Total		4	10	14
	2018	Supervisory Board	under 30 years	-	-
30-50 years			1	1	2
over 50 years			3	2	5
Total			4	3	7
Management Board		Under 30 years	-	-	-
		30-50 years	-	6	6
		over 50 years	-	1	1
		Total	-	7	7
Total			4	10	14

Representatives of the management bodies of the Comarch Group companies are citizens of different countries. The division by number of supervisory authorities by diversity category:

Year	Management body	Age	Woman	Man	Total
2019	Supervisory Board	under 30 years	-	-	-
		30-50 years	2	24	26
		over 50 years	6	14	20
		Total	8	38	46
	Management Board	under 30 years	-	-	-
		30-50 years	12	116	128
		over 50 years	4	17	21
		Total	16	133	149
	Total		24	171	195
	2018	Supervisory Board	under 30 years	-	-

	30-50 years	1	23	24
	over 50 years	6	11	17
	Total	7	34	41
Management Board	under 30 years	-	-	-
	30-50 years	12	107	119
	over 50 years	4	17	21
	Total	16	124	140
Total		23	158	181

Percentage of employees divided into categories of employees employed on the basis of employment contracts by diversity category:

Comarch S.A.		2019			2018		
Categories of employees*	Woman	Man	Total	Woman	Man	Total	
administration	257	71	328	252	66	318	
managerial	138	437	575	125	403	528	
production	763	2,222	2,985	682	2,077	2,759	
other	69	95	164	58	81	139	
Total	1,227	2,825	4,052	1,117	2,627	3,744	

*employed on the basis of employment contracts

Comarch Group		2019			2018		
Categories of employees*	Woman	Man	Total	Woman	Man	Total	
administration	374	121	495	374	123	497	
managerial	169	506	675	156	466	622	
production	917	2,656	3,573	823	2,504	3,327	
other	136	179	315	118	150	268	
Total	1,596	3,462	5,058	1,471	3,243	4,714	

*employed on the basis of employment contracts

Men constitute the dominant group among employees in Comarch S.A. and in the Comarch Group. This is in line with the specificity of the IT industry.

Comarch S.A.		2019				2018			
Categories of employees*	under 30 y/o	30-50 y/o	over 50 y/o	Total	under 30 y/o	30-50 y/o	over 50 y/o	Total	

administration	139	173	16	328	128	173	17	318
managerial	37	524	14	575	28	490	10	528
production	1,481	1,475	29	2,985	1,398	1,341	20	2,759
other	63	99	2	164	49	88	2	139
Total	1,720	2,271	61	4,052	1,603	2,092	49	3,744

**employed on the basis of employment contracts*

Comarch Group Categories of employees*	2019				2018			
	under 30 y/o	30-50 y/o	over 50 y/o	Total	under 30 y/o	30-50 y/o	over 50 y/o	Total
administration	185	271	39	495	172	280	45	497
managerial	44	622	23	689	36	589	20	645
production	1,620	1,647	56	3,323	1,543	1,480	39	3,062
other	107	366	78	551	74	359	77	510
Total	1,956	2,906	196	5,058	1,825	2,708	181	4,714

** employed on the basis of employment contracts*

In 2019, the fastest grown in number of people employed was in the 30-50 age group, they constitute the dominant group of employees.

Categories of employees* Comarch S.A.	2019				2018			
	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total
administration	325	3	0	328	316	1	1	318
managerial	570	5	0	575	525	3	0	528
production	2,921	54	10	2,985	2,702	43	14	2,759
other	157	4	3	164	134	2	3	139
Total	3,973	66	13	4,052	3,677	49	18	3,744

**employed on the basis of employment contracts*

Categories of employees* Comarch Group	2019				2018			
	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total
administration	426	53	16	495	431	50	16	497

managerial	625	59	29	713	581	46	28	655
production	3 186	80	30	3 296	2 915	65	31	3 011
other	224	197	133	554	191	202	158	551
Total	4 461	389	208	5 058	4 118	363	233	4 714

**employed on the basis of employment contracts*

The Comarch Group employs many employees from outside Poland, thus entering the specificity of the IT industry, where the international work environment and multiculturalism of the employee teams are the standard. The share of employees from outside Poland increased slightly in 2019 compared to last year's level.

S.2.9

Ratio of average basic remuneration of women to average basic remuneration of men by employee category:

Categories of employees	Comarch S.A.		Comarch Group	
	2019	2018	2019	2018
administration	94%	92%	85%	90%
managerial	64%	66%	74%	68%
production	76%	76%	75%	75%
other	78%	72%	72%	72%

The average salary of women in Comarch S.A. and in the Comarch Group is lower than the average salary of men. This is mainly due to the fact that the employed women have shorter experience in the IT industry and shorter work experience in Comarch, which affects the level of remuneration. In the group of employees, where experience in the industry and seniority are similar for women and men (administration), the level of earnings is on similar level.

Employee evaluation system

The Comarch Group has a formalized employee evaluation system that ensures that the vast majority of employees receive regular assessments of their work results and information on career development opportunities.

S.2.13

The total amount of annual contributions to (The State Fund for Rehabilitation of Disabled Persons)

thousands of PLN	2019	2018
Comarch S.A.	2,305	2,012
Comarch Group	2,769	2,279

6.4. Training

S.5.1., S.5.2.

Comarch Training Centre is a section separated from the structures of Comarch S.A. offering specialized training as well as IT and business consultations at every level of advancement, both within internal training addressed to employees of the Comarch Group and offered to a wide range of external clients. The Training Centre uses over 20 years of Comarch

experience as a knowledge-based company. Over 14,000 participants a year participate in over 300 training programs conducted by 80 qualified trainers.

In addition to specialist training, courses or workshops, the Comarch Training Centre organizes its flagship training programs related to management, dedicated to managers: Comarch Akademia Zarządzania (Comarch Management Academy) - is a training program addressed directly to the management. The aim of the program is to support the development of managerial competences. Personnel from management positions are invited to trainings (mainly the position in the organizational structure decides). Employees advancing to management positions will be regularly invited to newly formed training groups. The principle of the program is to work in a group that meets periodically in the following classes. Thanks to this, participants have the opportunity not only to confront acquired competences with practice at the workplace, but also to discuss the results achieved in the next classes. Between classes, program participants will receive additional materials and tasks to be carried out.

Average number of training hours per employee (by sex and employee category):

Comarch S.A. All trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.36	10.52	10.52	11.13	11.53	11.51
men	9.76	11.38	11.32	10.86	12.92	12.85
Total	9.90	11.13	11.09	10.94	12.52	12.47

Comarch S.A. Internal trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.36	10.19	10.19	10.81	11.39	11.37
men	9.76	11.23	11.17	10.71	12.65	12.57
Total	9.90	10.93	10.89	10.74	12.29	12.23

Comarch Group All trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.58	10.63	10.63	11.05	9.59	9.63
men	9.89	11.49	11.43	10.72	10.33	10.34
Total	10.07	11.23	11.19	10.81	10.13	10.14

Comarch Group All trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.58	10.32	10.33	10.77	9.35	9.39
men	9.89	11.32	11.26	10.58	9.97	9.99
Total	10.07	11.03	10.99	10.63	9.80	9.82

Number of employees raising professional qualifications who have certain rights in this respect in relation to the employer (e.g. training leave), indicating the number of employees co-financed by the employer or financing the improvement of professional qualifications:

Comarch S.A.	2019	2018	Comarch Group	2019	2018
All trainings			All trainings		
women	1,256	1,493	women	1,352	1,569
men	3,426	4,074	men	3,570	4,181
Total	4,682	5,567	Total	4,922	5,750

Comarch S.A.	2019	2018	Comarch Group	2019	2018
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Internal trainings		Internal trainings			
women	73	220	women	80	236
men	231	613	men	238	631
Total	304	833	Total	318	867

Due to the lack of interest on the part of employees and the small number of people of retirement age, Comarch does not organize programs related to the end of a professional career resulting from retirement or termination of an employment contract.

6.5. Use of Public Aid and Public Orders



S.1.1.

One of the main strategic goals of the Comarch Group is the development of new, competitive products that allow Comarch to further develop and, consequently, increase its value. Maintaining dynamics of sales requires expenditures on product development and their proper promotion and marketing. This applies to both modifications to existing products and technologies, as well as the development of new products. Expenditures for research and development in 2019 reached PLN 230,6 million and thus exceeded 16% of Comarch Group's sales revenues. The Comarch Group allocated both own resources to them and actively acquired European funds. These funds are actively acquired by two Comarch Group companies - Comarch S.A. and Comarch Healthcare S.A. Expenses for research and development in Comarch S.A. in 2018 reached PLN 192.7 million.

Activities in the Special Economic Zone

Comarch S.A. conducts business activity in the Kraków Special Economic Zone "Krakowski Park Technologiczny". Due to incurred investment expenditures Comarch S.A. uses public aid in the form of income tax exemptions.

A detailed description of the investment allowances held for operating in the Special Economic Zones has been published in note 3.10 of the Consolidated Financial Statements of the Comarch Group for [2019](#).

S.1.2.

Sales to customers from the public sector were as below.

in thousands of PLN	2019	%	2018	%
Revenue Comarch S.A.	952,062	100.0%	966,100	100.0%
<i>Including public sector</i>	40,636	4.3%	33,505	3.7%
Revenue Comarch Group	1,437,423	100.0%	1,369,619	100.0%
<i>Including public sector</i>	132,352	9.1%	193,000	14.1%

In 2019, the Comarch S.A.'s revenue from sales to the public sector clients increased by PLN 7,131 thousand, i.e. by 21.3%. Regarding Comarch Group's revenue from sales to public sector, they decreased by 32.5%, i.e. PLN 62,848, which is related to completion of large contracts for supply of IT products and services. The public sector was responsible for 9.1% of revenue of the Comarch Group in the discussed period.

Amount of subsidies received in particular years

in thousands of PLN	2019	2018
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Comarch S.A.

7 Framework Program (European Commission)	44	308
Structural Funds POIG (Operational Program Innovative Economy)	-	-
Structural Funds POIR (Operational Program Innovative Development)	1,485	1,490
National funds	-	-
De minimis aid	-	-
Total	1,529	1,798

Comarch Group

7 Framework Program (European Commission)	44	308
Structural Funds POIG (Operational Program Innovative Economy)	-	-
Structural Funds POIR (Operational Program Innovative Development)	1,485	1,490
National funds	-	113
De minimis aid	214	207
Regional Operational Programme of Łódzkie Voivodeship	-	361*
Total	1,744	2,480

**) data update in the 2019 statement*

7. Corporate Social Responsibility

The Comarch Group is involved in various activities to support the local community, actively supports environmental protection in its immediate surroundings and works to popularize science. Many initiatives and undertakings are implemented by MKS Cracovia SSA.

Comarch to improve the quality of organ music in the St. Mary's church



Comarch has been cooperating with St. Mary's church for years. In recent years, the company has donated on the renovation of church's organs and was a co-founder of the new instrument and the entire project of revitalization of the musical space in the St. Mary's church. The middle organs have already been put into operation, while the newly built main organs will be completed for the 700th anniversary of the consecration of the current church in 2020.

St. Mary's Organ Festival

Comarch is the sponsor of the St. Mary's Organ Festival - a series of summer music events in the parish church walls, from its very beginning. The festival is not only musical evenings in the most famous church of Krakow, but also the timeless dialogue of the ages and the confrontation of the common sound of organs with various instruments. The company has been involved in the organization of the event for the fifth time as the main sponsor of the Festival.

Comarch plays with Last Night of the Proms

Also last year, Comarch sponsored an event that permanently entered the cultural calendar of Krakow - the concert *Last Night of the Proms*.

Graduation Project

For the first time, the company was also involved in the Graduation Project - a review of the best diploma theses for people from the Visegrad Group countries. In 2018, 347 diplomas were submitted for review, from which the jury qualified 30 projects for the exhibition. The diplomas were shown in June 2019, during the European Design Festival at the Palace of Culture and Science in Warsaw and in the autumn at the Vienna Design Week. The vernissage in the Cieszyn Castle cultural centre was accompanied by the ceremonial awarding of special awards - paid internships at Comarch.

Comarch Cares grant competition

Comarch employees who, together with institutions (foundations, associations, educative and educational institutions), want to implement pro-social activities, could apply to the #ComarchCares Grant Competition. In autumn 2018, the next edition of the competition was decided, in which two winning grants were selected to be carried out in 2019: "Programming has a future" and the project "Programming - adventure for life". The first involved conducting programming classes for older children and adolescents, as well as Lego WeDo 2.0 and Lego Boost classes for pre-schoolers in Tarnow. The second initiative involved the organization of additional activities for children from secondary schools in Poznan, the basics of programming with elements of robotics and the use of new technologies, e.g. 3d printing, digitally controlled machines. The project also uses the Sphero Edu platform and Star Wars BB-8 robots. The projects were implemented in 2019.

For local communities



As in the previous years also in 2019, employees from Polish Comarch companies in branches throughout Poland joined the organization of holiday collections of material for needy people. Over a dozen organizations and institutions received support, including Lesser Poland Hospice for Children, Zdążyć z Pomocą Foundation (With help on time), Saint Lazarus Hospice or orphanages.

The organization of a charity event on the occasion of World Animal Day was also returned. Thanks to the enormous commitment of the company's employees, we managed to support shelters and organizations working for homeless animals in Bielsko-Biala, Gdansk, Gliwice, Katowice, Kielce, Lublin, Lodz, Poznan, Tarnow, Warsaw and Wroclaw.

Comarch also became the sponsor of the Czyżyny festival. Czyżyny District for Children - a family outdoor event for the residents of the Krakow district, in which its headquarters is located, and the iMed24 medical centre belonging to the Comarch Capital Group appeared at an event with a stand, conducting health-promoting activities.

ECOLOGICAL ACTIONS

Responsible administration of Comarch buildings - photovoltaics, rainwater and waste segregation

There are seven office buildings in the Comarch campus in Krakow, in which over 3,500 people work every day. The company also owns several buildings outside Krakow, two in Warsaw and one in Lodz. In addition, the company rents several offices in Poland and abroad. The management of these properties takes place taking into account pro-ecological practices, such as for e.g. modernization of buildings and equipment, use of renewable energy sources or application of an appropriate purchasing policy. In objects owned by Comarch, lamps are gradually replaced with new ones with LED technology, and more modern and energy-saving devices are introduced. Containers are arranged in all buildings to segregate waste into four categories: glass, paper, plastic and mixed waste.

The Comarch SSE7 building in Krakow was equipped with photovoltaic panels mounted on the roof of the office building. These devices allow you to partially cover your own electricity demand. They are able to produce 64 kW of electricity, which allows them to power about 1,000 computers. In addition, electric vehicle charging stations have been installed in the underground garage. A distinctive feature of the building are light shelves, designed on the southern and western facades, which have a dual function: they shade the window belt from the sun and reflect light, illuminating those parts of the room that are in the depths. In this way, electricity consumption is reduced. All rooms are equipped with a separate intelligent ventilation and air conditioning system, which is also a source of heating. At night, the air conditioning operates in ecological mode, and in the morning heats the room in advance to the temperature set on the controller. During the implementation of the Comarch SSE7 investment, care was also taken to the immediate surroundings of the building. Trees and shrubs were planted. There are also green areas in the vicinity of the other office buildings on the campus.

In addition, all Comarch buildings are equipped with modern ventilation systems with heat recovery. Systems that collect rainwater are installed in two office buildings at the Kraków campus and at the Lodz facility. This water is used to care for green areas within the company.

We are building an ecological car fleet

The company also gradually exchanges its car fleet for vehicles that meet the latest emissions standards. In 2019, 75% of cars met the stringent EURO6 emission standards, 23% were within the EURO5 standards, and only 2% met EURO4 or lower standards. In 2019, 15 vehicles with older exhaust emission standards were decommissioned. Diesel vehicles are being phased out of the fleet and replaced with more environmentally friendly gasoline and hybrid cars.

Employees are also eco!

Comarch promotes ecological values among its employees, implementing activities encouraging the conscious use of natural resources and reducing energy consumption. In utility rooms and common spaces there are messages reminding you to turn off the light, computers and other devices after work, using reusable envelopes in internal correspondence, limiting printing and sending correspondence electronically, and using the running water wisely.

– Employees are very environmentally aware and willingly join the actions in the field of protection and shaping the natural environment that we organize in the company – says Anna Bajorek, head of the Employer Branding department at Comarch.

For the sake of the environment, the "Come with your own cup for coffee" campaign is organized in the company's canteen, which is located on the Comarch campus in Krakow.

– Instead of selling hot drinks in disposable dishes, restaurant staff can serve these drinks in cups brought by guests. The initiative is primarily aimed at preventing excessive garbage production. In addition, water dispensers or devices that filter water are installed in social rooms in Comarch buildings. In this way, we encourage employees to give up bottled water in favour of "tap water"– lists Monika Krąkowska, head of the administration department at Comarch.

We green Krakow



The proof of the Comarch Group's concern for the natural environment are, among others, joint actions of the company and the Municipal Greenery Board in Krakow, implemented since 2015. Last year, the company continued the greening action of the capital of Lesser Poland. Comarch employees and their families planted 1,500 plants on Krakow Planty, and also distributed to the residents of Krakow seedlings of, among others, lavender, wing-wing and ferns. – *Employees and families contribute their "green" brick to improve public space – adds Anna Bajorek.*

POPULARIZATION OF SCIENCE

The Comarch Group has been actively cooperating with schools, colleges and other educational institutions from the beginning of its activity. In individual departments, employee initiatives are created that involve devoting time to students at dedicated courses or occasional meetings. Our employees share their knowledge during various conferences and events, among others: Women in Tech Summit, Dark Side UX, World Usability Day, dev.js and J / vacon.

In 2019, Comarch was the sponsor of the Interschool IT Festival "Project for six". MFI has been organized for 14 years by the Communications School Complex in cooperation with the Micro-macro Institute Foundation and the Krakow Technology Park. Pupils from Małopolska schools take part in the struggle, and the festival's goal is to promote young talent with IT interests.



Having in its ranks many graduates of the AGH University of Science and Technology in Krakow and cooperating with this university in many fields since the beginning of the company, Comarch decided to support the celebration of the 100th anniversary of the Academy, which took place in 2018-2019.

COOPERATION WITH THE CENTRAL TECHNOLOGY HOUSE

In 2019, Comarch began partner cooperation with the Polish Development Fund Foundation and the Central House of Technology. The task of this place is to popularize the STEAM methodology, i.e. a trend in education developing interdisciplinary competences in the fields of exact sciences, technology, engineering, art and mathematics. Together with CHT employees, we try to make this space a source of knowledge for visitors.

Among the presented devices and technological solutions is the Diagnostic Point (developed by Comarch Healthcare), which shows the possibility of using IT in medical care. The diagnostic point allows for quick so-called pre-screening, without the participation of the operator of the point - anyone willing can within a few minutes independently perform an examination, for example an ECG (without connecting the cables, but only by grabbing the sensor). Such a two-channel ECG test lasts a minute. We can also measure, among others saturation, body temperature and weight, BMI or blood pressure.

In addition, as part of cooperation between children of employees from Warsaw Comarch branches, they took part in interdisciplinary weekend educational classes at the Central Technology House. During the workshops, they gained knowledge in the fields of biology, ecology, environmental protection, as well as electronics and new media.

COMARCH FOR EDUCATION

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

- lectures by employees at universities and colleges on topics related to information technology, technology and economics,
- lending Comarch ERP systems in educational versions (over 600 educational institutions and institutions supplemented with educational versions of Comarch ERP),
- ERP meetings and seminars for lecturers and students, teachers and students of vocational schools,
- training in Comarch ERP systems for teaching staff,
- other educational programs and events for students of economics.

We also distribute special exercise books dedicated to vocational education to prepare for state vocational examinations on the technician economist profile.

COMARCH INNOVATION ZONE



The Comarch Innovation Zone, operating since 2018, is a space in which Comarch's technological achievements in the field of IT systems, telecommunications, the Internet of Things and artificial intelligence are presented. Separated areas of the Zone are dedicated to individual sectors of the economy for which Comarch designs and implements innovative solutions. Visitors have the opportunity to learn about solutions such as Virtual Reality, e-mobility or telemedicine.

The Innovation Zone is not only visited by business partners. Organized tours, the possibility of communing with modern technologies and expanding knowledge create friendly conditions for school and academic groups. A trip to the Innovation Zone is a great opportunity for young people to have inspiring discussions about the future, choice of studies or career paths. During the tour, students willingly interact with modern solutions, ask a lot of questions, deepen their knowledge and interests. Visitors include both high school and primary school students.

A visit to a space full of innovative solutions can be a unique experience regardless of age. Comarch Innovation Zone was also visited by students of the Third Age University. The latest solutions turned out not to be foreign to them - they were an impulse for a lively discussion about Comarch's activity and further technological development.

The Comarch Innovation Zone promotes and teaches. Modern, multimedia space encourages interaction with new technologies and facilitates the organization of knowledge. It is a place of meetings and exchange of thoughts, and at the same time an exhibition area presenting a vision of the future, extremely attractive and valuable for visitors.

SUMMER TRAINING PROGRAM

For years, the company has been consistently continuing the program enabling students to start a career in the IT industry. In 2019, the 17th edition of the summer internship program took place, carried out that year in twelve cities in Poland. The candidates had a choice of programming and telecommunications profile, system engineer, embedded, AI / ML and UX / UI internship. During the internship, over 350 students had the opportunity not only to confront their own ideas with knowledge acquired so far, but also to implement real projects in cooperation with a real client and under the watchful eye of specialists. After three months of paid internships, nearly 75% of them decided to continue working with Comarch.

SPORT AND A HEALTHY LIFESTYLE

For over 25 years, the Polish companies of the Comarch Group have been involved in promoting sport among young people and residents of the Lesser Poland Voivodeship. Since 2003, the company has been the titular sponsor of the oldest existing soccer club in Poland - Cracovia, and in 2019 it became the sponsor of the OSC Premier League soccer club from Lille in France.

The company also promotes a healthy and active lifestyle among its employees. The Comarch Recreation Centre is at the disposal of employees of the Comarch Group companies in Krakow and their families. In the winter season employees can take advantage of free tickets to the ice rink.

Comarch encourages employees to come to work by bicycle in the spring and summer months, providing bicycle infrastructure (e.g. racks, bicycle room, repair stations and changing rooms with showers) and occasional bicycle-related actions. During the annual "Bicycle Breakfast" event, employees who came to work on a bicycle that day receive a healthy snack and can participate in interesting themed campaigns. Last year, Comarch joined the Małopolska campaign "Cycling to work, that is - home, bicycle, work ... over and over again". The aim of the campaign was to promote the bicycle as an everyday means of transport used when traveling to and from work. During the five months of participation in the campaign, nearly 200 Comarch employees systematically commuted to work by bicycle. Bicycle campaigns organized in the company are part of the environmental policy, which is inscribed in the company's strategy and management model.

The Comarch Group also encourages its employees to participate in external sports events, and the income from many of them is transferred to social purposes. In 2019, employees of Comarch Group companies in Poland participated in several dozen running events throughout Poland, soccer games or the Comarch Mundial. Some of the events were also charitable.

Also in 2019 in the summer season, employees of the Comarch Group in Poland took part in the running and cycling competition of ComarchONrun and ComarchONbike. During its duration, cyclists rode over 85 thousand km, while runners overcame over 17,000 km. In this edition, for the first time, participants competed for a joint prize, which was financial support for a selected charity. Each month of the struggle was a new challenge and a larger amount to be given to children from the Zakątek Children's Home in Katowice.

To encourage its employees to spend weekends actively and in nature, a trip to Babia Góra for the Kraków, Katowice and Gliwice branch of the company, Comarch also inaugurated the activities of the mountain club.

CSR activities implemented in 2019 by MKS Cracovia SSA

Lajkonik

At the beginning of last year, after a long absence, to the stadium at ul. Józefa Kałuża 1 Lajkonik returned. The new Cracovia mascot regularly appears at soccer and ice hockey matches and at all major club events. Lajkonik is primarily fun for the youngest fans who can take a picture with it or get club gadgets from it. The mascot is also used in outdoor promotional campaigns, visits to schools, etc. Lajkonik has often walked among others around Krakow Błonia, inviting the city residents encountered on its way to the soccer and hockey matches of "Pasy" ("Stripes").



Media and Student Ambassador of Cracovia

The projects were created for young people who actively participate in events related to the Club. Fans - ambassadors, have the opportunity to implement their ideas to promote Cracovia and improve their skills, for example, reporting, editorial or even photographic, gaining valuable experience in the oldest sports club in Poland. During the course of this activity, one of the participants of the Cracovia Media Ambassador program demonstrated his skills to the extent that he was employed at the Club and joined the marketing department on a permanent basis, inter alia, conducting activities for the benefit of the disabled, because he is a wheelchair user himself. Therefore, the programs have the potential to find interesting, energetic and willing people who want to support the Club on many levels.



Cracovia Fan Club „Sprawni z Cracovią”

Since October 2019, the Official Cracovia Fan Club "Sprawni z Cracovią" ("Able-bodied with Cracovia") has been operating, which brings together a community of supporters with disabilities. The fan club, in cooperation with associations and foundations, works on activating people with disabilities by inviting them to soccer and hockey matches. The fan club will organize special events for its members, including meetings with Cracovia players.



Krakow Family Card

In November 2019, the oldest sports club in Poland joined the Krakow Family Card program, created by the Krakow City Council. KFC is a system of discounts, concessions, preferences and entitlements for families with many children and children from family-type care and education centres. The joining of Cracovia in the program is another element of the Club's cooperation with the City of Krakow. The club's offer includes, among others, cheaper passes and tickets for the family sector, discounts in the Official Cracovia Store and for visiting the stadium, and a dedicated offer for children participating in soccer classes of the Cracovia Kids kindergartens.

Cracovia Uruguay

In the capital of Uruguay - Montevideo, the amateur football club Cracovia Uruguay was founded, whose founders were at one of Cracovia's matches a few years ago and became its supporters. The club decided to appreciate the Uruguayan initiative and together with its partner - Puma, sent to Uruguay a packet containing match costumes, passes for matches of "Stripes" for all players of the club Cracovia Uruguay, and other club gadgets. The campaign received wide coverage in social media and was very positively received by fans. In the club museum at the stadium at ul. Józefa Kałuży 1, the Uruguayan club jersey has also permanently appeared.



Teddy Bear Toss

The sixth edition of the popular action around the world took place in 2019 at the Cracovia ice rink. Stuffed animals, thrown on the surface after the first goal for Comarch Cracovia, as usual, went to children from Krakow's children's homes and the University Children's Hospital.



#SergiuKing Action

Action organized in cooperation with supporters, collection of toys, clothes, cosmetics, school supplies etc. for a needy family from Romania, which is supported by one of Cracovia's players - Sergiu Hanca.



„Akcja Rękawiczka” ("Action Glove")

An initiative created by Krakow high school students, which included the oldest sports club in Poland. Volunteers of the "Give a warmth" campaign before two Cracovia matches collected clothes for homeless people, which were given to the poorest during the Charity Eve on the Main Square in Krakow.

Akcja #SzaryEkran (Action #GreyScreen)

Before Christmas, the club joined the social responsibility campaign to fight people's addiction to cell phones. During Christmas, the club abandoned publication on social media to encourage fans to spend this time with their family.



Szlachetna Paczka (Noble Package) – an action that needs no introduction. The players and hockey players of Pasy (Stripes) once again supported the Noble Package, thus helping needy families.

WOŚP (Great Orchestra of Christmas Charity) – As every year, the club also supported the Great Orchestra of Christmas Charity, bidding, among others, to the auction match shirts signed by the players.

Cooperation with the Itaka Foundation

The club, inspired by the activities of Western clubs, decided to use its coverage in social media and in cooperation with the Itaka Foundation help in finding missing persons. Missing people photos regularly appear on club Facebook and Twitter.

Cracovia's Fans Day and Fat Thursday

Cracovia footballers and hockey players offered donuts and apples to the residents of Krakow - reminding them of a healthy lifestyle. The players conducted a number of competitions in which club gadgets and match invitations were to be won.



„Klasy w Pasy” (“Class in Sripes”) - an action supporting the idea of safe and cultural support on stadiums, the club invites organized matches to groups of school children, pupils from educational institutions and sports schools. Entry for participants and guardians of such groups is free.



„Cracovia w szkołach” (“Cracovia in schools”) - Cracovia players and coaches regularly go to Krakow's schools to disseminate knowledge about healthy lifestyles, careers of professional athletes, diet restrictions, cultural doping at the stadium or education - the career path of athletes. For many kids, such meetings are a source of inspiration and motivation for further hard work, not only in sport.



Extra Talent and Extra Class Academy – cyclical actions dedicated to young athletes, organized in cooperation with Ekstraklasa. Actions support the development of young players and give primary school children the chance to show their talent to professional trainers.



Cracovia Kids

Cracovia Kids is a sports development project unique on the Polish scale for children. Following the example of the best clubs in the world, we invite children and their parents to great sport fun in our striped kindergartens! Raising the spirit of fair play, the most important sport principle, through physical movement, we want to build healthy habits among the youngest. This, combined with an individual approach, is a chance for a great ball adventure. Who knows? Perhaps, this is an opportunity to find real football talent among talented youth.

S.9.1., S.9.2.

Comarch's operational activities do not cause nuisance to the local community or pose a threat to its security. In 2019, there were no complaints reported by the local community.

The company does not have its own code of ethics for marketing communications, however, it adheres to the basic principles of ethics in matters of responsible marketing communications. The marketing activities undertaken by Comarch do not contain discriminatory content, in particular on the basis of race, religious beliefs, gender or nationality, and have no elements that encourage violence. Comarch ads must not mislead the recipients and must be implemented in a comprehensible manner. Comarch sponsorship and related agreements must be implemented in a way that is easy to read and understand by the environment and must not violate morality.

S.9.4.

Total amount of donations for social purposes

000' PLN	2019	2018
Comarch S.A.	38	24
<i>the largest recipients</i>	<i>Parafia Rzymsko-Katolicka p.w Wniebowzięcia Najświętszej Maryi Panny (Roman Catholic parish of the Assumption of the Blessed Virgin Mary in Krakow) in Krakow Archdiocese of Krakow Headquarters of the State Fire Service in Krakow</i>	<i>Parafia Rzymsko-Katolicka p.w Wniebowzięcia Najświętszej Maryi Panny (Roman Catholic parish of the Assumption of the Blessed Virgin Mary in Krakow) in Krakow Archdiocese of Krakow Nowa Huta Alternative Foundation The Art of the Future</i>
Comarch Group	159	81
<i>the largest recipients</i>	<i>Polish-American Women's Association Polytechnic Institute and Virginia State University</i>	<i>Parafia Rzymsko-Katolicka p.w Wniebowzięcia Najświętszej Maryi Panny (Roman Catholic parish of the Assumption of the Blessed Virgin Mary in Krakow) in Krakow</i>

S.9.5.

Total amount spent on sponsorship

w tys. PLN	2019	2018
Comarch S.A.	6,600	6,600
<i>largest sponsored partners</i>	<i>MKS Cracovia SSA</i>	<i>MKS Cracovia SSA</i>
Grupa Comarch	8,246	6,655
<i>largest sponsored partners</i>	<i>MKS Cracovia SSA</i>	<i>MKS Cracovia SSA</i>

S.9.6.

Regardless of the activities carried out and coordinated by the company, employees of the Comarch Group engage in many charity activities (such as volunteering or Szlachetna Paczka (Noble Package)).

8. Occupational Health and Safety

SUPERVISION AND ACCIDENT INVESTIGATION SYSTEM

S.4.1., S.4.2., S.4.3., S.4.4., S.4.5., S.4.9

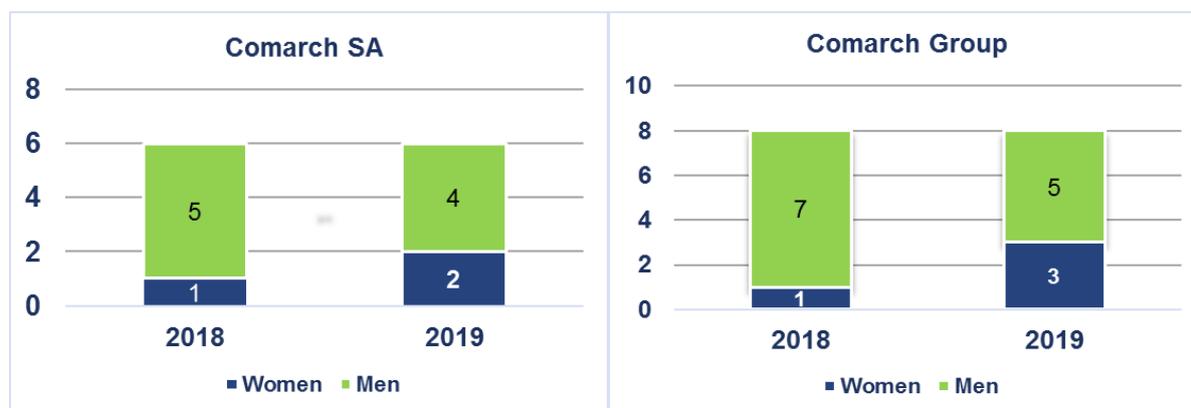
In the Comarch Capital Group, accidents at work are examined in accordance with applicable regulations by an accident team composed of employees of the OHS service and Employee Representatives. Protocols for determining the circumstances and causes of accidents are approved by the Employer. The register of accidents at work and accident documentation is archived. The method of reporting and registering accidents is described in internal procedures developed on the basis of applicable legal requirements and Comarch practice.

To date, no fatal nor serious accidents have been reported in all companies of the Comarch Capital Group. There were also no accidents among Comarch subcontractors.

Comarch has a group of Rescuers with a total of over 100 people in all of its branches. Rescuers are employees trained in first aid and emergency evacuation procedures. Every 2 years, training is organized for Rescuers, aimed at refreshing and systematizing knowledge, informing about possible changes in the standards of providing first aid and about organizational changes in the field of evacuation. Training is also intended to supplement the number of Rescuers. Rescuers have the resources and instructions for first aid. Instructions and checklists specifying the rules of conduct during the evacuation were also prepared. The rescuers are volunteers.

ACCIDENTS AT WORK

Statement of the number of accidents at work and treated equally with accidents at work in 2018-2019



In 2018 and 2019, there were 8 accidents at work in the Comarch Group each year.

One accident in 2019 occurred while performing work, but not related to the provision of work.

Four accidents occurred while the employee was moving. Accidents occurred during activities that were not directly related to the work performed, but were related to the employee's ordinary activities.

One accident occurred during activities that are not directly related to the work performed, but related to the employee's ordinary activities.

One accident was classified as an accident as well as an accident at work. The accident occurred during an employee's business trip.

Injuries in 2019 concerned the hands and upper limbs in 3 cases, the head and neck in 2 cases and the nose (1 case), abdomen (1 case), lower limb (1 case). The reasons for these accidents are mainly related to the human factor and in one case to the element of nature. None of the accidents at work were classified as serious, collective or fatal. Two accidents did not cause inability to work, the other

four accidents resulted in a total of 144 days of inability to work at Comarch S.A. and 1 and 18 days of inability to work in turn in Comarch Healthcare SA and MKS Cracovia SSA. In foreign companies there was no accident at work or on an equal footing with an accident at work.

SUMMARY OF DATA CONCERNING ACCIDENTS AT WORK IN THE YEARS 2018-2019

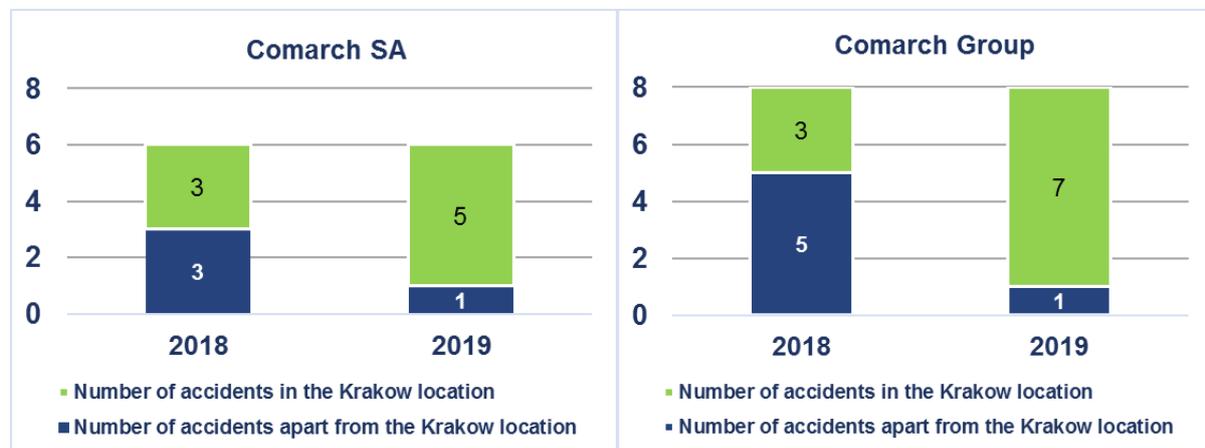
Comarch estimates the accident rate, i.e. the sum of accidents occurring during the year, presented by means of indicators. These indicators make it possible to compare and evaluate a company in terms of accident rates. Two measures are used: the rate and the severity of accidents.

The frequency rate is expressed as the ratio of the number of accidents to the number of employed and covered by the accident premium, while the severity rate is the ratio of the number of days lost due to accident absence to the number of all accidents.

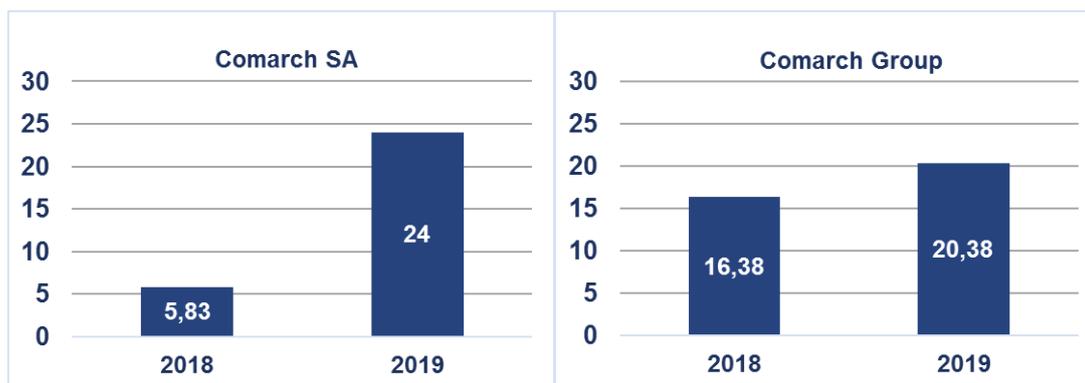
Tab.1. Indicators related to accidents at work:

Year	Number of accidents at the Comarch Capital Group	Number of accidents broken down by gender of the Comarch Capital Group (W,M)	Number of accidents at Comarch S.A.	Number of days of sick leave at the Comarch Capital Group	Number of sick leave at Comarch S.A.	Comarch Capital Group frequency indicator	Comarch S.A. frequency indicator	Severity rate at the Comarch Capital Group	Severity rate at Comarch S.A.
2018	8	W:1, M:7	6	131	35	1.63	1.58	16.38	5.83
2019	8	W:3, M:5	6	163	144	1.53	1.47	20.38	24

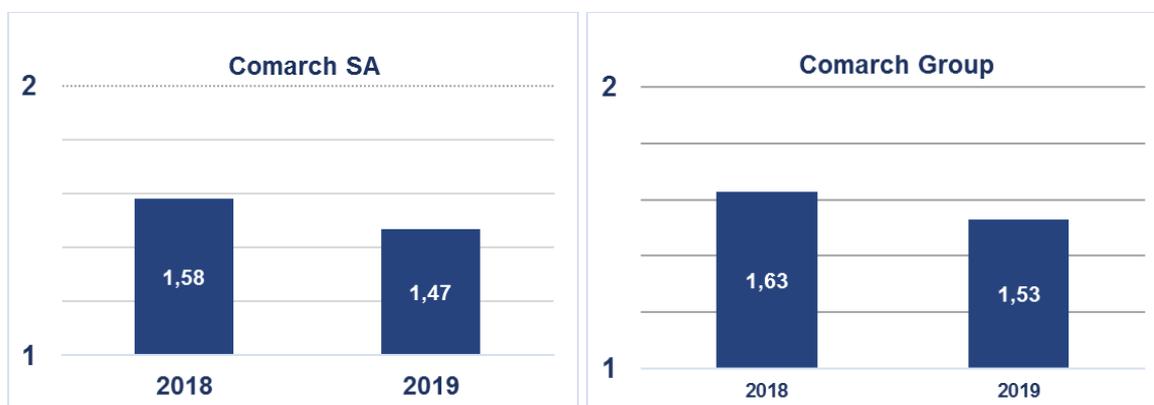
Summary of the number of accidents at work and treated as accidents at work, broken down into accidents in Krakow and other locations in 2018-2019



Severity rate of accidents at work and accidents treated equally to accidents at work in 2018-2019



The rate of accidents at work and accidents treated equally with accidents at work in 2018-2019



In 2019, the number of accidents at Comarch S.A. it remained the same as in the previous year, with an increase in the number of employees subject to accident insurance by 276 people.

In 2019, the number of accidents at the Comarch Group is the same as last year. One accident occurred in Comarch Healthcare SA, with an increase in the number of employees by 27 people. There was one accident in MKS Cracovia SSA with an increase of 11 employees.

The severity rate of accidents at work in 2019 was 24 for Comarch SA (20.38 for the Comarch Capital Group). Comparing with last year, a significant increase in this ratio was recorded (+ 70% for Comarch SA and + 20% for the Comarch Capital Group).

The rate of accident rates at work in 2019 in Comarch SA was 1.47, while for the entire Comarch Capital Group 1.53. Comparing with 2018, the accident frequency ratio decreased compared to 2019 from 1.58 for Comarch SA (1.63 for the Comarch Capital Group) to 1.47 (1.53 for the Comarch Capital Group), i.e. it decreased by approx. 7% (a decrease of approx. 6% for the entire Comarch Capital Group).

S.4.6, S.4.7, S.4.8

Occupational diseases were not found in Comarch S.A. and in the Comarch Capital Group companies. There is also no special exposure to specific occupational diseases.

At Comarch S.A. and companies of the Comarch Capital Group there are no jobs with positions exceeding NDN (maximum allowable intensity) and NDS (maximum allowable concentration). There are also no jobs with an unacceptable level of occupational risk.

At Comarch S.A. and Polish companies of the Comarch Capital Group no trade unions were formed. In Comarch S.A. Employee Representatives have been appointed instead, which operate on the basis of

S.3.1., S.3.2, S.3.3, S.3.5, S.3.6, S.4.10.

the Act of 7th of April, 2006, on informing and consulting employees. Employee representatives are selected from among all employees employed under an employment contract. The choice is made by employees of the Company every 2 years. Employee Representatives take part in the analysis of accidents at work in accordance with applicable legislation. In 2016, the Employer consulted with Employee Representatives about changes in work regulations. The changes proposed by the Employer were unanimously approved by the Employee Representatives. There are no collective labour agreements in the Polish companies of the Comarch Capital Group. In 2019, the Employer consulted with Representatives on the selection of the institution managing Employee Capital Plans (PPK). Representatives took part in meetings with suppliers and presented their recommendations, which were taken into account when choosing the finalists of the tender.

There are no trade unions in foreign companies of the Capital Group in the DACH region, while works councils operate. Employees choose a works council for a given location, to which all employees are subject. The choice of works council is not mandatory and employees make the decision. Participation in elections is limited by seniority. Elections take place every few years, this is regulated by the provisions of the Act.

Works councils in the DACH area:

- Comarch Solutions GmbH – Innsbruck, the company is also subject to a tariff agreement,
- Comarch AG – Munich,
- Comarch Software und Beratung AG - all company locations.

Works councils also operate in both French companies, i.e. Comarch SAS and Comarch R&D SARL.

There are no trade unions in Comarch SRL in Italy, while employees are subject to a national collective labour contract, which was created to regulate relations between employees and employers. Collective because it affects all employees in the contract sector and national because it affects all companies that are located in Italy. It regulates the employment relationship, e.g. schedule, qualifications and duties, remuneration, etc. Comarch SRL is subject to the "CCNL del commercio" (trade).

Comarch Sistemas LTDA in Brazil and Comarch Technologies Oy in Finland apply similar sectoral agreements regulating issues such as minimum remuneration and the obligation to provide additional benefits to employees.

In Brazil, the employee union has the form of a structure functioning outside the company. At the end of 2019, two employees belonged to this association.

There are no trade unions in the other foreign companies of the Comarch Group. Many companies have regular meetings with employees, but they are not formalized.

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S.3.3.

No collective disputes have been initiated in any of the companies of the Comarch Group in the last year.

In each investment agreement under Polish law, Comarch includes a clause in which it requires the contractor to maintain basic employee rights. Such a record includes, among others the obligation to employ employees in accordance with the provisions of the Labour Code and implementing regulations regarding the employment of employees, payment of salaries due to them and ensuring working conditions required by law. Contractors are also contractually obliged to provide employees with safety, hygiene conditions for work and well-being, and to comply with the provisions on work health and safety. The scale of contracts under a law other than Polish is small, but they also contain provisions containing requirements for the contractor in respect of compliance with local labour codes and OHS regulations.

9. Environmental Protection

Environmental policy and procedures functioning as part of the Integrated Management System oblige Comarch S.A. to take active measures to reduce the negative impact on the natural environment. As part of the implemented Environmental Management System in accordance with the requirements of ISO 14001, Comarch has identified environmental aspects that it monitors, supervises and influences.



E.4.1., E.4.2., E.4.3., E.4.4.

The Comarch Group complies with local legal provisions regarding environmental protection. Comarch consciously limits the negative impact of its activities on the natural environment, minimizes the consumption of natural resources and limits the production of waste arising from ongoing operations. It also promotes an ecological lifestyle among its employees, running campaigns to encourage active participation in environmental protection. One such action is the greening of the capital of Lesser Poland conducted jointly since 2015 with the City Green Board in Krakow.

Areas of valuable nature are not in the vicinity or the sphere of influence of Comarch. Comarch's operations do not cause significant environmental losses.

Comarch constantly monitors air pollution with a sensor installed on one of its buildings located in the Special Economic Zone in Krakow. The sensor is included in the Airly sensor network which helps to create a national measurement network monitoring smog.

9.1. The Use of Natural Resources

E.1.1., E.1.2.

Due to the fact that Comarch S.A. is a producer of software and information systems, the company's activity is not related to the direct use of natural resources such as ores, minerals, wood. Instead, it uses typical media that is consumed during the day's work. Among the raw materials used, the following were identified: electricity, natural gas, liquid fuels (gasoline and diesel), heat energy and water.

Part of the Comarch Group's operations is also low-volume production of electronic devices from components purchased from external suppliers as well as related research and design works. Production takes place in a modern production hall located in the Special Economic Zone in Krakow.

Other Comarch Group companies also do not directly use primary raw materials.

In addition, paper, cardboard, plastic and wooden packaging and security are used in the production and logistics processes. Below there is a summary of the quantities of packaging placed on the market. The number of introduced packaging results directly from the sales volume.

Packaging launched on the market	2019	2018
Comarch S.A.	889 kg	1,023 kg
Comarch Group	2,391 kg	2,746 kg

9.2. Finished Goods

Environmental impact

Electronic devices manufactured by the Comarch Group are powered by electricity, which affects the environment. The amount of energy consumed by products is not possible to accurately estimate, because it depends on many factors, including on the intensity of use, weather conditions, operating mode and the type of accessories attached to the devices. Electronic devices manufactured by the Comarch Group after a period of use become waste, which can also affect the environment.

Description of policies

The Comarch Group sets itself one of the main goals to reduce electricity consumption in each subsequent version of a given device, in order to limit its impact on the natural environment.

Another way to reduce the impact of manufactured devices on the natural environment is to apply to the products of the provisions of EU WEEE Directive 2002/96 / EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment. Devices manufactured by the Comarch Group are appropriately marked as devices that must be properly disposed of after use. Pro-ecological activities related to the product, which will become a waste in the future, do not only amount to appropriate marking. Long-term activities and care for the environment have resulted in a number of initiatives related to the design of devices, including:

- developing products for which modernization is possible thanks to the construction enabling corrections,
- developing products that can be reused after a period of operation due to the construction enabling easy dismantling of the device into its component parts and re-use after repair.

Comarch has been cooperating with the Electrical and Electronic Equipment Recovery Organization for many years, transferring electronic waste for further processing and recovery of raw materials.

The designed devices also meet the requirements of the RoHS Restriction of Hazardous Substances Directive (2002/95 / EC), thanks to which the use of hazardous substances in the product that could penetrate the natural environment has been limited. This is confirmed by RoHS declarations of compliance.

Indicators

The measure of achieving the goal of reducing energy consumption is:

- increase in the share of power supplies with a higher energy efficiency class,
- decrease in average power consumed by devices measured in the mode of operation with the highest power demand.

In addition, the Comarch Group in the Smart Metering project is developing the Comarch NB-IoT-MBus Gateway device, supporting water, electricity and gas suppliers in monitoring of transmission networks. This allows you to reduce media losses, rapid failure detection, which leads to less consumption of natural resources of the earth.

In addition, the project uses NB-IoT technology, which is very effective in terms of energy consumption, which reduces the amount of used batteries. At the same time, work is underway to optimize energy consumption in both Hardware and Firmware. One of the main goals of the project is to develop a battery-operated device for 10 years.

Also in the currently produced CS004 device, the wireless communication mechanism has been improved, which results in a reduction of energy consumption and thus a smaller number of used batteries.

The goal for the coming years is to create dedicated devices to replace CS004 that will use built-in sensors. This will reduce material consumption as well as reduce energy demand by eliminating intermediate components.

In addition, work is underway to further improve wireless communication to improve battery life.

E.8.2	Revenues from products and related services developed taking into account environmental criteria	2019	2018
	Comarch S.A.	3.8%	6.6%
	Comarch Group	3.2%	10.4%

9.3. Energy

E.2.1., E.2.2., E.2.3.

The Comarch Group constantly monitors the consumption of electricity, heat and fuels in all areas of its activity, focusing primarily on the consumption of electricity and gas used in buildings owned by Comarch S.A. and on the consumption of liquid fuels used to propel cars belonging to the Comarch fleet. Additionally, the consumption of water as well as liquid fuels used in power generators is monitored. The Data Centre in Krakow, Warsaw, as well as in Dresden and Lille have a significant share in the consumption of electricity.

In September 2018 at Comarch S.A. the Energy Management System has been implemented and certified in accordance with the international standard ISO 50001. In March 2019, the location of Comarch S.A. in Lodz at ul. Jaracza 78 was also covered by the system. Under this system, a number of actions are taken to improve the company's energy efficiency, mainly in the areas of so-called significant energy consumption (electricity, heat, fleet). These activities include the modernization of buildings and equipment, the use of renewable energy sources, the use of appropriate purchasing policy, fleet modernization policy, as well as conducting awareness campaigns among employees and continuous monitoring of relevant indicators. The listed activities are implemented as part of energy programs and tasks for a given period.

Comarch facilities are modern buildings with electricity and heat management systems. In facilities owned by Comarch (e.g. SSE buildings in Krakow, buildings in Warsaw and Lodz), discharge lamps (fluorescent lamps) are gradually replaced with those created in LED technology, and more modern and energy-saving devices are introduced.



At the beginning of 2018, Comarch S.A. began operating a modern SSE7 office building, located within the Special Economic Zone in Krakow, within the campus belonging to Comarch at prof. Michał Życzkowski Street in Krakow. The building has an underground garage, ground floor, 4 usable floors and a technical floor on the roof of the building. The total number of users in 2019 reached almost 1,400 people. The building was designed with care for ecology and a friendly working environment, which confirms the obtained BREEAM Very Good certificate. The building offers a number of amenities, including contact of all work rooms with direct daylight, the possibility of airing all office rooms through openable windows, a large amount of greenery, access by bicycle paths, as well as internal and external spaces for recreation and rest. In addition, due to concern for the natural environment, photovoltaic cells were installed on the roof of the building, used to partially cover its own electricity demand and possible resale of excess energy produced to the power grid. Battery charging stations have been installed in the underground garages of the building, enabling employees to use ecological electric vehicles. A distinguishing feature are the light shelves designed on the southern and western facades. The light shelves have a dual function: on the one hand, they shade the window strip from the sun, on the other, they reflect light, illuminating a part of the office space deep in the road.



Every year, environmental programs are prepared defining goals and measures to reduce negative impacts on the environment and raising employees' awareness. The most important goals regarding taking active measures to reduce environmental pollution include the introduction of rules for selective waste collection and taking actions to increase employees' awareness of electronic waste disposal. Intermediate objectives related to reducing negative impact on the environment include those related to improving the energy result, including:

- continuation of lighting modernization in buildings and comprehensive modernization of lighting of Data Centre rooms (replacement with energy-saving LED sources),
- replacement of sub-distributors in order to increase efficiency in the process of recording energy consumption,
- continuation of the fleet modernization process and organization of training in Eco driving for employees.

Consumption of electricity, heat, gas and fuels Comarch S.A.	2019	2018
Consumption of energy ¹⁾	17,594,566 kWh	17,190,300 kWh
Consumption of heat ²⁾	4,248,000 MJ	6,507,000 MJ
Consumption of gas ³⁾	338,812 kg	327,488 kg
Consumption of gasoline ⁴⁾	380,610 kg	349,996 kg
Consumption of diesel fuel ⁴⁾	52,366 kg	62,038 kg
Consumption of LPG ⁴⁾	652 kg	-
Total consumption of energy ⁵⁾	105,937,478 MJ	105,121,676 MJ
Consumption of energy/employee ⁵⁾	21,277 MJ/employee	22,467 MJ/employee

- 1) Electricity consumption is presented for buildings located in Poland owned by Comarch S.A. i.e. buildings in the Special Economic Zone (SSE2, SSE3, SSE4, SSE5, SSE6, SSE7) and two buildings in Warsaw (at Puławska St. and at Leśna St.). The total electricity consumption for these buildings is shown. Electricity consumption in 2019 increased by approx. 2.4% compared to 2018. The increase in energy consumption results from the increase in the number of employees.
- 2) Heat consumption is presented for buildings located in Poland owned by Comarch S.A., i.e. buildings in the Special Economic Zone (SSE5, SSE6, SSE7). The total heat consumption for these buildings is shown. Heat consumption in 2019 fell by 34.7% compared to 2018. The decrease in energy demand in 2019 results from the exclusion from the calculation of the SSE1 building, which is fully rented by external entities.
- 3) Gas consumption is presented for buildings located in Poland owned by Comarch S.A., i.e. buildings in the Special Economic Zone (SSE2, SSE3, SSE4) and buildings in Warsaw (at Puławska St. and at

Leśna St.). The total gas consumption for these buildings is presented. Gas consumption is given in kg, using the following factor for calculations: 1m³ gas = 0.75 kg. Gas consumption in 2019 was about 3.5% higher compared to 2018, which is due to normal consumption and is treated as a typical deviation.

- 4) The consumption of gasoline, diesel and LPG is presented for:
- gasoline: the total gasoline consumption for the car fleet in Poland and the fuel used in low-speed equipment is presented.
 - diesel oil: the total consumption of diesel oil for the car fleet in Poland and oil used in machines and aggregates used for emergency power supply is presented.
 - LPG: consumption of LPG propane-butane LPG for the car fleet in Poland is presented.

Fuel consumption is given in kg, using the following factors for the calculation: 1 liter of gasoline = 0.755 kg, 1 liter of diesel oil = 0.84 kg, 1 liter of LPG is 0.5 kg. Gasoline consumption in 2019 increased by approx. 8.7% compared to 2018. The increase results directly from the increase in the number of vehicles in the Comarch car fleet and the increase in vehicle use caused by the company's constant expansion. At the same time, the consumption of diesel oil in 2019 compared to 2018 decreased by about 15.6%, and this is due to the gradual withdrawal of diesel vehicles from the fleet and the gradual replacement of them with more environmentally friendly gasoline vehicles and hybrid vehicles.

- 5) For the calculation of the total energy consumption within the organization, the consumption of electricity, heat, gas and fuels (gasoline, diesel and LPG) presented above was taken into account. The following factors were used in the calculations: 1 kg of gas = 14.75 kWh, 1 kg of gasoline = 13.1 kWh, 1 kg of diesel oil = 12.69 kWh, 1 kg of LPG = 6.94 kWh. Total energy consumption has been converted to MJ. Total energy consumption in 2019 was 105,937,478 MJ and increased by approx. 0.8% compared to 2018. The intensity of energy consumption was also calculated taking into account the number of employees in buildings owned by Comarch S.A. According to data as at 31st of December, 2019 at Comarch S.A. 4,979 employees were employed, which represents an increase in employment of 300 people compared to the same period of 2018. Energy consumption per person in 2019 was 21,277 MJ, so it decreased by approx. 5.3% compared to 2018.

Consumption of electricity, heat, gas and fuels in the Comarch Group ⁶⁾	2019	2018
Consumption of energy ⁷⁾	22,309,884 kWh	21,691,281 kWh
Consumption of heat ⁸⁾	7,188,247 MJ	9,162,000 MJ
Consumption of gas ⁹⁾	344,367 kg	333,515 kg
Consumption of gasoline ¹⁰⁾	445,159 kg	423,736 kg
Consumption of diesel oil ¹⁰⁾	120,462 kg	126,376 kg
Consumption of LPG ¹⁰⁾	652 kg	-
Total consumption of energy ¹¹⁾	125,121,820 MJ	121,564,169 MJ
Consumption of energy/employee ¹¹⁾	19,710 MJ/employee	20,127 MJ/employee

- 6) Data presented, including companies of the Comarch Group (domestic and foreign).
- 7) Media consumption was presented for buildings owned by companies of the Comarch Group (domestic and foreign). In 2019, electricity consumption was 2.9% higher than in 2018. This is a result of an increase in the number of employees, as well as an increase in the operation of server rooms in Poland and abroad.
- 8) Heat consumption in 2019 decreased compared to the base year (2018) by 21.5%. Such a decrease is caused by the exclusion from the calculation of the SSE1 building, which is fully rented by external entities.
- 9) In 2019, gas consumption increased by 3.3% compared to 2018, which is due to normal consumption and is treated as a typical deviation.

10) The consumption of gasoline, diesel and LPG is presented for:

- gasoline: total gasoline consumption for Polish and foreign companies is presented,
- diesel oil: total diesel oil consumption for Polish and foreign companies is presented,
- LPG: consumption for Comarch S.A. is presented.

In 2019, there was a slight difference in the combined consumption of gasoline and diesel compared to 2018. For gasoline, consumption increased by 5.1% compared to the base year (2018), while diesel consumption decreased by 4.7%. LPG propane-butane LPG consumption has been presented since 2019, and is generated by Comarch S.A.

11) Total energy consumption in 2019 was 125,121,820 MJ and was 2.9% higher than consumption in 2018. The intensity of energy consumption was also calculated taking into account the number of employees in buildings owned by the Comarch Group. According to data as at 31st of December, 2019, the Comarch Group companies employed 6,348 employees, which is an increase in employment of 308 people compared to the same period of 2018. The increase in employment had an impact on the increase in energy consumption. In 2019, energy consumption per capita decreased by 2.1% compared to the base year (2018).

9.4. Comarch Car Fleet

The Comarch Group is gradually modernizing the car fleet. In 2019, 67 new cars were purchased in Polish companies (59 in Comarch S.A.) meeting stringent EURO6 emission standards, including 3 ecological hybrid vehicles and 1 electric vehicle (all at Comarch SA). 15 vehicles with older emissions standards have been decommissioned.

Emission standards	Cars in Comarch SA	
	2019	2018
EURO 6	73%	66%
EURO 5	26%	32%
EURO 4 and lower	1%	1%

In 2019, 27 new cars were purchased in foreign companies by modernizing the fleet and increasing the number of vehicles with greener power units.

Emission standards	Cars in Comarch Group	
	2019	2018
EURO 6	75%	66%
EURO 5	23%	32%
EURO 4 and lower	2%	2%

9.5. Water

E.3.1., E.3.2., E.3.3.

Comarch's activities do not involve the use of water for technological purposes. Water supplied entirely by municipal waterworks is used only in hygienic and sanitary rooms for living purposes. Comarch does not collect surface water directly and does not discharge sewage into water and land.

The recreation centre functioning there, which includes a 25-meter swimming pool, has a significant impact on the level of water consumption in the Kraków SEZ.

Water consumption is constantly monitored in the form of readings from sub-galleries. As part of efforts to minimize consumption, employee awareness is raised and actions are taken to increase the speed and effectiveness of responding to various types of failures.

Water consumption in Comarch S.A.	2019	2018
Water consumption	37,591 m ³	34,328 m ³
Water consumption per 1 employee	7.55 m ³	7.34 m ³

Water consumption in Comarch Group	2019	2018
Water consumption	45,532 m ³	42,534 m ³
Water consumption per 1 employee	7.17 m ³	7.04 m ³

Water consumption is presented for buildings owned by Comarch in Poland, i.e. buildings in the Special Economic Zone (SSE2 - SSE7), two buildings in Warsaw (at Puławska St. and at Leśna St.).

In addition, the table regarding water consumption in the Comarch Group presents the total water consumption including buildings owned by other Group companies in Poland and abroad.

The SSE1 building in Krakow, belonging to Comarch, is fully rented by external entities, therefore the consumption of utilities from this building is not included in the statement.

The table above shows the total water consumption for Comarch S.A. own buildings and Comarch Groups. Year by year, the total water consumption increases, which results from the increase in the number of people employed at Comarch. A slight increase in water consumption per employee was recorded.

9.6. Emissions

E.5.1., E.5.3.

Comarch constantly strives to minimize the negative impact of operations on the environment. Therefore, from 2012 the emission of carbon dioxide equivalent to the environment is estimated. During the estimation, a methodology was used to multiply data on energy, water and fuel consumption by appropriate emission conversion factors. These conversion factors allow the conversion of these data into carbon dioxide equivalent (CO₂e). CO₂e is a universal unit of measure that allows estimating the impact on global warming resulting from greenhouse gas emissions. Below are estimates of direct (resulting from the organization's activities) and indirect (from all other activities, e.g. electricity, water consumption) carbon dioxide emissions for the base year. In addition, the values from 2018 have been updated taking into account relevant indicators.

Direct greenhouse gas emissions in Comarch S.A.	2019	2018
Emission CO ₂ e	2,738 Mg CO ₂ e	2,254 Mg CO ₂ e
Emission CO ₂ e/person	0.55 Mg CO ₂ e /person	0.48 Mg CO ₂ e /person
Emission CO ₂ e/ income unit*	0.0029 CO ₂ e	0.0023 CO ₂ e

Direct greenhouse gas emissions in the Comarch Group	2019	2018
Emission CO ₂ e	3,152 Mg CO ₂ e	2,702 Mg CO ₂ e
Emission CO ₂ e/person	0.50 Mg CO ₂ e /person	0.45 Mg CO ₂ e /person
Emission CO ₂ e/ income unit*	0.0022 CO ₂ e	0.0020 CO ₂ e

*) PLN 1,000

For the calculation of direct greenhouse gas emissions, data on fuel consumption (gasoline, diesel and LPG) as well as natural gas for buildings owned by Comarch S.A in Poland were used. Fugitive HFC hydrofluorocarbons emissions from leaks in refrigeration and air conditioning systems have also been taken into account. The calculations used indicators developed by the DEFRA organization - Greenhouse Gas Conversion Factor Repository, KOBIZE, RTE France, ISE Germany for 2019 and 2018. In addition, data from the analysis of the Central Operator's database was used to calculate HFC emissions. Direct Greenhouse Gas Emission for Comarch S.A. in 2019 amounted to 2,738 Mg of CO₂e, which is an increase of approx. 21.5% compared to 2018. This increase results from incidents related to leaks in refrigeration and air-conditioning equipment. These incidents were properly recorded in the "Reports for places of environmental use" in the National Base on Greenhouse Gas Emissions and Other Substances as random emissions. In addition, appropriate fees for using the environment have been paid to the local Marshal Offices. Due to this increase, the level of direct CO₂e emissions per employee increased by 14.6%, and Emission CO₂e per unit of revenue increased by 26.1%.

Total greenhouse gas emissions at Comarch S.A. (direct and indirect combined)	2019	2018
Emission CO ₂ e	14,539 Mg CO ₂ e	15,639 Mg CO ₂ e
Emission CO ₂ e/person	2.92 Mg CO ₂ e/person	3.34 Mg CO ₂ e/person

Total greenhouse gas emissions at Comarch Group (direct and indirect combined)	2019	2018
Emission CO ₂ e	16,501 Mg CO ₂ e	18,298 Mg CO ₂ e
Emission CO ₂ e/person	2.60 Mg CO ₂ e/person	3.03 Mg CO ₂ e/person

To calculate the intensity of greenhouse gas emissions, the organisation's direct and indirect greenhouse gas emissions were added up. In addition, the values from 2018 have been updated taking into account relevant indicators. Total greenhouse gas emissions for Comarch S.A. in 2019 amounted to 14,539 Mg CO₂e, which is a decrease by approx. 7.0% compared to 2018. The intensity of greenhouse gas emissions was also calculated, taking into account the number of employees in buildings owned by Comarch S.A. According to the data as at 31st of December, 2019, 4,979 people were employed, which is an increase in employment by 300 people compared to the same period of 2018. Total greenhouse gas emissions per person in 2019 was 2.92 Mg CO₂e, and thus decreased by about 12.6% compared to 2018. This demonstrates the effectiveness of the changes introduced to minimize the company's negative impact on the environment.

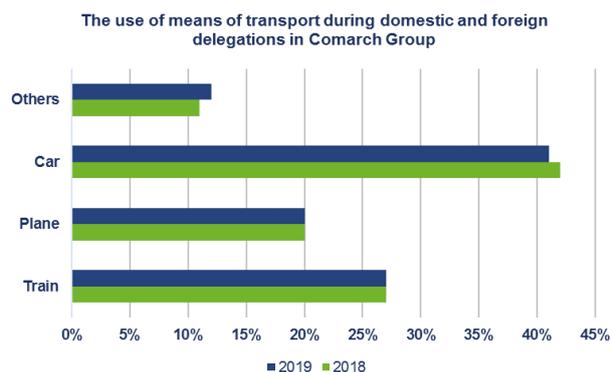
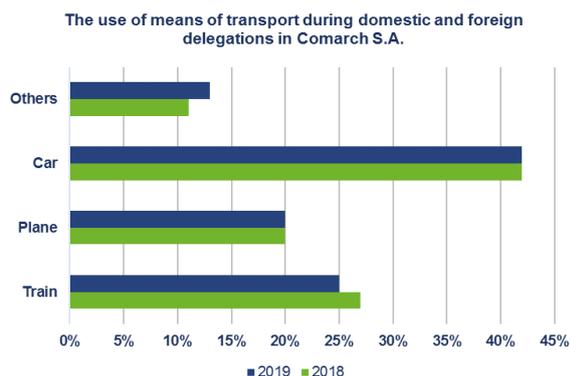
Comarch, taking care of both the environment and the reduction of costs related to transport, shortens the supply chain to the maximum by applying the principle of delivery directly from the distribution point to the end user or business partner, wherever possible, i.e. where no intervention is required to configure, install on the equipment or such interference would still occur at the end user's location.

A large reduction in the impact of transporting goods and products is also possible thanks to the use of public transport - courier companies.

Transports organized and carried out by means of own means of transport by employees of Comarch S.A. are sporadic.

Because Comarch has a very large group of recipients, which are medium and large enterprises from around the world, the number of business trips carried out by Comarch employees is counted in thousands.

The number of delegations is steadily increasing due to the fact that the number of clients is growing every year and new branches of the company are opening. Cars and rail transport are the most common means of transport used by Comarch employees (most often during national delegations). Air transport dominates in foreign delegations. Other means of transport included: public transport, bus and taxi.



Reduction of greenhouse gas emissions

Actions related to the reduction of direct greenhouse gas emissions carried out in 2018-2019:

- Systematic maintenance and modernization of installations containing hydrofluorocarbons (HFCs).
- Production of renewable energy in our own photovoltaic installation has allowed to reduce CO₂ emissions by 13.22 Mg.
- Ongoing implementation of energy-saving solutions (replacement of light sources with LED lighting).
- Gradual replacement of combustion vehicles with ones that meet the latest emission standards

A symbolic proof of the Comarch Group's concern for the state of the natural environment was the planting action organized in cooperation with the City Green Management Board in Krakow. Comarch employees and their families planted 1,500 plants on Krakow Planty, and also distributed to residents of Krakow seedlings of, among others, lavender, wingspan and ferns. Similar actions will be organized in the following years.

In the Group's opinion, both the Comarch Group and its suppliers have no direct or significant impact on climate change.



Emissions of ozone-depleting substances (ODS)

In 2019, there were no ODS emissions. ODS emissions are monitored based on the CRO (Central Register of Operators) database. All air-conditioning and fire-fighting devices containing ozone-depleting gases are registered in it. Information on inspections and possible gas additions is entered in the register.

E.5.2., E.5.4.

Emissions of nitrogen oxides, sulphur oxides and other significant emissions to air

Comarch S.A.	2019	2018
Emission of CH ₄	3.49 Mg CH ₄	3.23 Mg CH ₄
Emission of CH ₄ /income unit*	3.66*10 ⁻⁶ Mg CH ₄	3.34*10 ⁻⁶ Mg CH ₄
Emission of N ₂ O	5.28 Mg N ₂ O	5.82 Mg N ₂ O
Emission of N ₂ O/income unit*	5.55*10 ⁻⁶ Mg N ₂ O	4.27*10 ⁻⁶ Mg N ₂ O
Emission of SO _x /SO ₂	0.04 Mg SO _x /SO ₂	0.03 Mg SO _x /SO ₂
Emission of SO _x /SO ₂ /income unit*	3.80*10 ⁻⁸ Mg SO _x /SO ₂	3.62*10 ⁻⁸ Mg SO _x /SO ₂
Emission of NO _x /NO ₂	0.77 Mg NO _x /NO ₂	0.75 Mg NO _x /NO ₂
Emission of NO _x /NO ₂ /income unit*	8.10*10 ⁻⁷ Mg NO _x /NO ₂	7.75*10 ⁻⁷ Mg NO _x /NO ₂
Emission of CO	0.115 Mg CO	0.110 Mg CO
Emission of CO/income unit*	1.21*10 ⁻⁷ Mg CO	1.14*10 ⁻⁷ Mg CO
Emission of suspended particles TSP	0.0015 Mg TSP	0.0017 Mg TSP
Emission of suspended particles TSP/income unit*	1.58*10 ⁻⁹ Mg TSP	1.80*10 ⁻⁹ Mg TSP
Grupa Comarch	2019	2018
Emission of CH ₄	4.10 Mg CH ₄	3.94 Mg CH ₄
Emission of CH ₄ /income unit*	2.85*10 ⁻⁶ Mg CH ₄	2.88*10 ⁻⁶ Mg CH ₄
Emission of N ₂ O	8.60 Mg N ₂ O	9.33 Mg N ₂ O
Emission of N ₂ O/income unit*	5.97*10 ⁻⁶ Mg N ₂ O	6.83*10 ⁻⁶ Mg N ₂ O
Emission of SO _x /SO ₂	0.04 Mg SO _x /SO ₂	0.04 Mg SO _x /SO ₂
Emission of SO _x /SO ₂ /income unit*	2.56*10 ⁻⁸ Mg SO _x /SO ₂	2.61*10 ⁻⁸ Mg SO _x /SO ₂
Emission of NO _x /NO ₂	0.78 Mg NO _x /NO ₂	0.76 Mg NO _x /NO ₂
Emission of NO _x /NO ₂ /income unit*	5.45*10 ⁻⁷ Mg NO _x /NO ₂	5.58*10 ⁻⁷ Mg NO _x /NO ₂
Emission of CO	0.12 Mg CO	0.11 Mg CO

Emission of CO/income unit*	8.15*10 ⁻⁸ Mg CO	8.27*10 ⁻⁸ Mg CO
Emission of suspended particles TSP	0.0015 Mg TSP	0.0017 Mg TSP
Emission of suspended particles TSP/income unit*	1.05*10 ⁻⁹ Mg TSP	1.27*10 ⁻⁹ Mg TSP

* PLN 1,000

Significant air pollutants generated by the organizations taken into account are CH₄ and N₂O arising from the combustion of fuels by the car fleet and low-speed equipment (gasoline, diesel oil and LPG) and SO_x / SO₂, NO_x / NO₂, CO, as well as particulate matter arising from combustion fuels by machines and aggregates for emergency power supply. The calculations used indicators developed by the DEFRA organization - Greenhouse Gas Conversion Factor Repository and by the National Centre for Emission Balancing and Management (NCEBM) for 2019. In addition, the values from 2018 were updated taking into account relevant indicators. The data provided are estimates.

For Comarch S.A. CH₄ emission in 2019 was 4.10 Mg CH₄, which is an increase of approx. 4% compared to 2018. N₂O emissions in 2019 amounted to 8.6 Mg N₂O, which is a decrease of approx. 7.8% compared to 2018. SO_x / SO₂ emissions in 2019 amounted to 0.04 Mg SO_x / SO₂, which is an increase of approx. 33% compared to 2018. NO_x / NO₂ emissions in 2019 amounted to 0.77 Mg NO_x / NO₂, which is an increase of approx. 2.6% compared to 2018. CO emissions in 2019 amounted to 0.115 Mg CO, which is an increase of approx. 4.5% compared to 2018. Particulate matter emissions in 2019 amounted to 0.0015 Mg of particulate matter, which is a decrease of approx. 11% compared to 2018.

For the Comarch Group, CH₄ emissions in 2019 amounted to 3.49 Mg CH₄, which is an increase of approx. 8% compared to 2018. N₂O emissions in 2019 amounted to 5.28 Mg N₂O, which is a decrease of approx. 9.2% compared to 2018. SO_x / SO₂ emissions in 2019 amounted to 0.04 Mg SO_x / SO₂, i.e. the same as in 2018. NO_x / NO₂ emissions in 2019 amounted to 0.78 Mg NO_x / NO₂, which is an increase compared to 2018 of about 2.6%. CO emissions in 2019 amounted to 0.12 Mg CO, which is an increase of approx. 9% compared to 2018. Particulate matter emissions in 2019 amounted to 0.0015 Mg of particulate matter, which is a decrease of approx. 11% compared to 2018.

Local climatic conditions may affect the decrease or increase in size. The decrease in indicators is also influenced by the increase in revenue in the period considered. Emissions of nitrogen oxides, sulphur oxides and other significant emissions to air have been properly recorded in the "Reports for places of use of the environment" and "Reports on the operation of equipment" in the National Base for Greenhouse Gas Emissions and Other Substances. In addition, appropriate fees for using the environment have been paid to the local Marshal Offices.

E.6.5

Comarch S.A. is a producer of municipal (domestic) sewage. Activities of Comarch S.A. and companies of the Comarch Group do not generate industrial sewage.

Comarch S.A. does not transport, process or transfer waste considered hazardous.

Comarch does not generate sewage discharged directly into water reservoirs, thus Comarch's activities in no way negatively affect protected areas and habitats.

Products manufactured by Comarch do not have a significant negative impact on the natural environment during use. The degree of environmental impact of electronic products being introduced at the end of their life cycle mainly depends on customer behaviour in this regard. Comarch provides collection of used electronic and electrical equipment. More information at: <https://www.comarch.pl/o-firmie/srodowisko/wprowadzanie-oraz-zbieranie-sprzetu-elektrycznego-i-elektronicznego/>

Percentage of recovered materials from sold products and their packaging by material category

The Comarch Group companies do not collect, recover and recycle used electrical and electronic equipment, batteries, accumulators and packaging on their own.

In 2018 and 2019, the obligation to collect, recover and recycle waste electrical and electronic equipment for Comarch S.A., Comarch Healthcare S.A., Comarch Polska S.A., Comarch Technologies Sp. z o.o. and CA Consulting S.A. was implemented by Biosystem Elektrorecykling S.A.

In the same years 2018 and 2019, Biosystem Organizacja Odzysku Opakowań S.A. (Organization for recovery of packages) fulfilled the obligation to collect, recover and recycle batteries and accumulators for the companies Comarch Healthcare S.A., Comarch S.A. and Comarch Technologies Sp. z o.o. and the obligation to collect, recover and recycle packaging for Comarch S.A.

Companies that did not have relevant agreements with recovery organizations in the scope of fulfilling the obligations arising from the introduction of batteries and accumulators and packaging did not achieve the required levels of collection, recovery and recycling, and therefore had to pay a product fee.

Investments related to environmental protection

The largest investment of the Comarch Group having an impact on environmental protection is closely related to the construction and commissioning of the SSE7 office building in the Krakow Special Economic Zone. The building was designed with care for the natural environment and ecology. Solar panels with a total power of 64 kW have been installed on the roof of the building. Photovoltaic cells, which are made of photovoltaic panels, convert solar energy into electricity. This will allow for partial coverage of own electricity demand and possible resale of excess energy produced to the power grid without additional CO₂ emissions to the atmosphere. The designers of the installation assume that it will bring savings in terms of electricity consumption ensuring an approximate 10-year payback period. In 2018, the solar energy yield was approx. 69.3 MWh, while in 2019 it was 19.7 MWh. The decrease in yield in 2019 is due to the plant failure and its temporary shutdown, which took place from April to July 2019.

In order to reduce energy consumption, the SSE7 office building will also use:

- light shelves on the eastern and western façades that have a dual function: on the one hand, they shade the window belt from the sun, on the other, they reflect light, illuminating a part of the office space deep in the road,
- Building Management System (BMS) with automation: a system that integrates ventilation, air conditioning, heating, lighting, access control, power supply (UPS), intrusion and assault signalling, allowing for efficient and optimal building management and media consumption,
- modern, integrated HVAC installations.

In addition, air-conditioning devices are modernized on an ongoing basis to make them more environmentally friendly, fluorescent lamps are gradually replaced with light sources created in LED technology and more modern and energy-saving devices (EnergyStar) are installed.

Additional expenses for environmental protection were associated with the costs of ensuring the obligations to collect, recover and recycle introduced electronic equipment, packaging, batteries and waste management. The table below presents the list.

Expenses for environmental protection in the field of waste utilization, recycling and recovery of introduced products	2019	2018
Comarch S.A.	PLN 3,113	PLN 1,759
Other companies of the Comarch Capital Group	PLN 24,827	PLN 12 907

9.7. Waste

E.6.1., E.6.2., E.6.3., E.6.4., E.6.5.

Comarch has implemented waste management procedures. Waste is collected in a selective manner and prevents their negative impact on the natural environment. In the field of transport and disposal of waste, Comarch cooperates only with authorized entities that have technical means and administrative decisions allowing management of waste transferred in a manner safe for people and the natural environment.

Below is a table showing the amount of waste generated and transferred in 2017 and in 2018 by the Comarch Group companies. The largest percentage share in the waste stream produced by Comarch is waste electronics resulting from the modernization of IT equipment. This waste, according to Polish legislation, is subjected to the process of recycling and recovery in waste treatment installations of companies collecting waste.

Comarch Healthcare S.A. is a manufacturer of medical waste generated in the results of its operations. The waste is transported and disposed of by authorized entities.

As a result of catering activities run by the company canteen OPSO Sp. z o.o. waste from the fat separator is generated.

Hazardous waste has been marked with the symbol "*" in the table, masses are given in megagrams.

Significant amounts of waste have been marked in bold, the residual weight of the waste is given jointly for the group's companies. All companies of the Capital Group annually report the amount of waste generated to the appropriate local Marshal Offices.

Comarch is a producer of municipal sewage, which is entirely directed to municipal sewage treatment plants. There is no separate quality and quantity records of the wastewater thus generated.

Type of waste	Code of waste	The amount of waste generated and transferred in 2019 (locations in Poland)	The amount of waste generated and transferred in 2018 (locations in Poland)
Packaging containing residues of or contaminated by hazardous substances	15 01 10*	0.026 Mg	-- Mg
Discarded devices containing Freons, HCFCs, HFCs	16 02 11*	0.015 Mg	-- Mg
Worn out devices containing dangerous elements other than	16 02 13*	0.795 Mg	0,217 Mg

those mentioned in 16
02 09 to 16 02 12

**Waste equipment
other than those
mentioned in 16 02
09 to 16 02 13 -
electronic scrap**

Items removed from
used devices, other
than those mentioned
in 16 02 15 - printing
toners from office
equipment

Other batteries and
accumulators

**Mixed construction,
renovation and
disassembly wastes
other than those
mentioned in 17 09
01, 17 09 02 and 17
09 03**

**Medical waste
(Comarch
Healthcare S.A.)**

**Drugs other than
those mentioned in
18 01 08 (Comarch
Healthcare S.A.)**

Large-size waste

	16 02 14	11.313 Mg	16,427 Mg
	16 02 16	-- Mg	0,185 Mg
	16 06 05	-- Mg	0,020 Mg
	17 09 04	-- Mg	-- Mg
	18 01 03*	3.861 Mg	3,063 Mg
	18 01 09	0.016 Mg	0,010 Mg
	20 03 07	-- Mg	-- Mg

***hazardous waste*

Level of compliance with regulations

Comarch has implemented a procedure for identifying and accessing legal requirements. At least once a year, compliance assessment with applicable legal requirements and other requirements adopted for use by Comarch is carried out. The results of the assessment are presented in the documentation prepared for the review of the Integrated Management System and presented to the Management Board.

E.7.3., E.7.4.

In the reporting period at Comarch S.A. and Comarch Group companies were not subject to significant financial penalties or non-financial sanctions for non-compliance with environmental protection regulations.

In the reporting period, the Comarch Group companies did not receive any complaints regarding environmental impact under formal complaint mechanisms.

E.7.1., E.7.2.

During the reporting period, there were no significant types of environmental pollution emitted by operating activities, as well as no environmental failures and possible contamination.

In the reporting period, the Comarch Group companies did not receive any complaints regarding environmental impact under formal complaint mechanisms.

As part of cooperation with external entities, actions dedicated to employees were undertaken, under which employees could give away used electrical and electronic equipment, as well as bulky equipment. By the way, waste paper collection was carried out. At present waste containers have been placed in Comarch facilities. Employees can return used electrical and electronic equipment on a regular basis; in addition, they can recycle used batteries and fluorescent lamps.

Since November 2014, Comarch is a member of the Polish Chamber of Commerce for Environmental Protection, which associates entrepreneurs who are waste recovery organizations and entrepreneurs that market packaging, packaging products, as well as electrical and electronic equipment.

10. Assessment of the Significance of Aspects for the Environment

The significance of particular aspects for the Comarch Group (unless otherwise indicated) is defined as follows:

Category	Aspects	Significance of Aspects	Indicators by GRI
Managerial	Description of the business model and strategic development directions	High/medium/ low	G.1.1., G.1.2.
	Governance	High/medium/ low	G.2.1., G.2.2., G.2.3.
	Social and environmental risk management	High/medium/ low	G.3.1., G.3.2.
	Ethics management	High/ medium /low	G.4.1., G.4.2., G.4.3., G.4.4., G.4.5., G.4.6., G.4.7., G.4.8.
	Direct and indirect impact: raw materials and materials	High/ medium /low	E.1.1., E.1.2.
Environmental	Direct and indirect impact: fuel and energy	High/ medium /low	E.2.1., E.2.2., E.2.3.
	Direct and indirect impact: water	High/ medium /low	E.3.1., E.3.2., E.3.3.
	Direct and indirect impact: biodiversity	High/medium/ low	E.4.1., E.4.2., E.4.3., E.4.4.
	Direct and indirect impacts: emissions to the atmosphere	High/ medium /low	E.5.1., E.5.2., E.5.3., E.5.4.

	Direct and indirect impact: waste and sewage	High/ medium /low	E.6.1., E.6.2., E.6.3., E.6.4., E.6.5.
	Other aspects of direct and indirect environmental impact	High/ medium /low	E.7.1., E.7.2., E.7.3., E.7.4., E.7.5., E.7.6.
	Extended environmental responsibility: products and services	High/ medium /low	E.8.1., E.8.2., E.8.3.
	Use of public aid and public orders	High/medium/ low	S.1.1., S.1.2.
	Employment level and remuneration level	High/ medium /low	S.2.1., S.2.2., S.2.3., S.2.4., S.2.5., S.2.6., S.2.7., S.2.8., S.2.9., S.2.10., S.2.11., S.2.12., S.2.13., S.2.14., S.2.15.
	Relations with the employee side and freedom of association	High/ medium /low	S.3.1., S.3.2., S.3.3., S.3.4., S.3.5., S.3.6.
Social and employee	Occupational Health and Safety	High /medium/low	S.4.1., S.4.2., S.4.3., S.4.4., S.4.5., S.4.6., S.4.7., S.4.8., S.4.9., S.4.10., S.4.11., S.4.12.
	Development and education	High/ medium /low	S.5.1., S.5.2.
	Diversity management	High/ medium /low	S.6.1., S.6.2., S.6.3., S.6.4.
	Human rights	High /medium/low	S.7.1., S.7.2., S.7.3., S.7.4., S.7.5., S.7.6.
	Child labour and forced labour	High/ medium /low	S.8.1., S.8.2., S.8.3., S.8.4.

Local communities and social involvement	High/ medium /low	S.9.1., S.9.2., S.9.3., S.9.4., S.9.5., S.9.6.
Counteracting corruption	High/ medium /low	S.10.1., S.10.2., S.10.3.
Safety of products and consumers	High/ medium /low	S.11.1., S.11.2., S.11.3.
Child Labour	High/medium/ low	S.12.1., S.12.2., S.12.3.
Privacy protection	High /medium/low	S.13.1., S.13.2., S.13.3.
Product labelling	High/ medium /low	S.14.1., S.14.2., S.14.3.
Other social and market issues	High/ medium /low	S.15.1., S.15.2., S.15.3., S.15.4., S.15.5., S.15.6.

11. Overview of SIN (Non-financial Reporting Standards)

SIN indicator	Disclosures	Placement in the Report (page number)
I. Management Area (G)		
G.1.1.	DESCRIPTION OF THE ADOPTED DEVELOPMENT STRATEGY WITH REGARD TO SOCIAL AND ENVIRONMENTAL ASPECTS	4
G.1.2.	CHARACTERISTICS OF THE ADOPTED BUSINESS MODEL, INCLUDING THE DESCRIPTION OF THE SUPPLY CHAIN, WITH SPECIAL VERSION OF THE DESCRIPTION OF SOCIAL AND ENVIRONMENTAL IMPACT	4,28
G.2.1.	DESCRIPTION OF THE MANAGEMENT STRUCTURE, CONTAINING INFORMATION IF ANY AND WHAT IS THE APPROACH TO MANAGE NON-FINANCIAL (SOCIAL, ENVIRONMENTAL ASPECTS) ASPECTS, THE LOOK OF THE INTERNAL RISK AND AUDIT MANAGEMENT SYSTEM WILL BE CONSIDERED	17,27
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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, 24th of April, 2020

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Andrzej Ryszard Pach	Vice Chairman of the Supervisory Board	
Danuta Drobniak	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, 24th of April, 2020

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	