

Krakow, 29th of April, 2020

Dear Shareholders,

Comarch S.A. achieved very good financial results in 2019. Sales revenue amounted to PLN 951.7 million, operating profit reached PLN 33.5 million, while net profit reached PLN 57.6 million. Operating margin in 2019 was 3.5%, and net margin 6.1%. Achieving these results was possible due to the significant scale of the Company's operations, wide product 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 software produced by Comarch S.A., as well as for 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. Thanks to the wide and comprehensive offer of modern IT solutions and high quality services of Comarch S.A. is the largest Polish software producer and one of the leading IT providers in the world. In 2019, Comarch S.A. successfully continued its growth strategy based on developing its own products for many industries and selling them on international markets. I emphasize that Comarch S.A. for many years, has been investing heavily in expanding and maintaining the global sales network, which increases the international brand recognition and range of Comarch, which effectively supports the sales of the Group's solutions on new markets. Last year, Comarch S.A. founded another subsidiary: Comarch Pty. Ltd in Australia.

In 2019, Comarch S.A. has made significant investments in developing new and improving existing IT products. Expenditures for research work exceeded PLN 192 million, which represents over 20% of the Company's sales revenue. I would like to point out that these key investments are financed primarily from the Company's own funds. Comarch S.A. intensively developed a new generation of telecommunications systems dedicated to 5G technology, loyalty systems, ERP systems, IT solutions for medicine and the Internet of Things. In 2019, the Company invariably focused on the development of IT solutions in the service model - Comarch is one of the market leaders in this field. Last year, Comarch S.A. launched a comprehensive offer in the field of Comarch Cloud computing, with the highest security standards, based on the Comarch Data Centre infrastructure. Thanks to Comarch Cloud, clients can use software, store data and run their businesses without having to have their own IT infrastructure, while ensuring high performance, reliability, security and scalability of resources.

Last year Comarch S.A. strengthened its position as one of the fastest growing employers in the IT sector. In 2019, the employment volume increased by 300 employees, at the end of the year the Company employed almost 5,000 people in Poland. As every year, the program of summer student internships was very popular, thanks to which Comarch is perceived as the first choice employer on the labour market in the IT industry.

Management Board of Comarch S.A. makes efforts to effectively implement the mission of disseminating the innovative technical thought created in Poland worldwide. In addition to the business operations of Comarch S.A. implements the corporate social responsibility policy and is involved in activities for environmental protection, preservation

COMARCH SA

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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)

and reconstruction of the national heritage, and actively supports non-governmental organizations and charity campaigns, is a patron of culture, art and sport.

Bearing in mind the current situation in Poland and in the world, I emphasize that Comarch S.A. is very well prepared to act 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 attached annual financial statement of COMARCH S.A. ("Company"), which consists of: balance sheet prepared as at 31st of December, 2019, profit and loss account, statement of changes in equity and cash flow statement for the financial year ending on 31st of December, 2019 and introduction to the financial statement containing a description of adopted accounting principles and additional information and clarifications ("financial statement").

In our opinion, attached financial statement:

- presents a reliable and clear picture of the property and financial situation of the Company as at 31st of December, 2019 and its financial result and cash flows for the financial year ending on that day, in accordance with the applicable provisions of the Accounting Act and adopted accounting principles (policy);
- agrees on the form and content of the applicable laws and the Company's Articles of Association,
- it has been prepared on the basis of correctly kept accounting books, in accordance with the provisions of Chapter 2 of the Act of 29th of September, 1994 on accounting ("Accounting Act" - Journal of Laws of 2019, item 351).

This opinion is consistent with the additional report for the Audit Committee, which we issued on the day 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 Company in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants ("IFAC Code"), adopted by the resolutions of the National Council of Expert Auditors and other ethical requirements that apply to the audit of financial statement in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, the expert auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Expert Auditors and 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 audit matters are matters that, according to our professional judgment, were the most significant when auditing the financial statement for the current reporting period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. We referred to these matters in the context of our audit of the financial statement as a whole and in the formulation of our opinion, and summarized our reaction to these risks

and in cases where we deemed it necessary we presented the most important observations related to these risks. We do not express a separate opinion on these matters.

1. The risk of loss of value of net investment in subsidiaries

Key research matter

The company holds shares or stocks in related entities. Their value disclosed in the financial statement is PLN 324,910 thousand (this value includes shares in subsidiaries: PLN 203,490 thousand and investment certificates in Comarch Corporate FIZ: PLN 121,420 thousand), which accounts for 23.3% of the balance sheet total.

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

Disclosures in the financial statement

The accounting policy applied to the valuation of shares in subsidiaries was disclosed by the Company in the introduction to the financial statement.

Additional information is included in note 3b, 3c and further in the annual report of SA-R.

Auditor procedures in response to the identified risk

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

1. An analysis of the accounting policy applied by the Company in the scope regarding the valuation of shares was carried out,
2. The analysis of the reports of subsidiaries, including in particular their financial results, values and capital structure, indebtedness and liquidity in terms of the existence of indications of impairment, was performed,
3. The impact of events after the balance sheet date on possible impairment loss was assessed,
4. Management Board's explanations regarding factors triggering indications of impairment, including negative financial results, as well as plans and perspectives concerning the activities of individual companies were obtained,
5. Within the scope of impairment tests performed by the Company:
 - we have made a critical evaluation of the testing process,
 - we assessed the key assumptions of the test,
 - we have verified their mathematical correctness and methodological coherence
6. The correctness and completeness of required disclosures in the financial statement was assessed.

2. The risk of significant distortion

Key research matter

Work in progress are capitalized costs associated with creating new or upgrading existing software. The value of production in progress as at 31st of December, 2019 is PLN 58,951 thousand, which is 4.2% of the balance sheet total.

In accordance with the accounting policy, capitalized costs should be included in the financial result for a period not longer than 36 months from the date of their payment in the form of either the cost of sale or the write-down.

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

In this area, we identify the risk associated with not including capitalized costs in the required accounting policy during the period and capitalizing the costs associated with the software, which may not generate economic benefits.

Disclosures in the financial statement

The accounting policy applied to the valuation of shares in subsidiaries was disclosed by the Company in the introduction to the financial statement.

Additional information can be found in note 5a of the SA-R annual report.

Auditor procedures in response to the identified risk

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

1. Accounting policy records have been verified,
2. A list of items treated as production of work was obtained, with periods of bearing the 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 comprehensive income in connection with obtaining revenues from the sale of software,
 - compliance with the adopted accounting policy, recognition of other capitalized costs in other comprehensive income if the software is in the development phase (planned revaluation write-offs),
 - explanations of the management board regarding the factors causing delays in the settlement of individual items, 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.

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 951,698 thousand.

An important part of the revenues generated by the Company were revenues from the implementation of IT implementation contracts, which are recognized by the Company in accordance with Article 34a paragraph. 1 and par. 2 point 2 of the Accounting Act. For settling implementation contracts, the Company adopts the method of percentage involvement of costs and revenues.

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

- the determination of the budgeted cost of implementation, and its updating during the performance of the service, and
- correct allocation of costs to the relevant project and the relevant period, 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 Company in the scope of revenue recognition are disclosed in Note 7.1. introduction to the SA-R financial statement.

Additional information can be found in note 9a, 14b, 20a of the SA-R annual report.

Auditor procedures in response to the identified risk

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

In particular, we have carried out procedures aimed at understanding and evaluating internal controls that the Company has implemented in relation to the valuation of long-term contracts.

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

- we have assessed how the budgets used to calculate revenue are analysed and updated, and finally accepted;
- we have reconciled the actual data from the books up to the last day of the audited period with the updated figures in the budgets as at the valuation date;
- we have analysed the consistency of the structure of budgets through mutual comparisons and agreements to real subcontracts;
- we performed an analysis of the mathematical correctness of the calculation of all long-term contracts in terms of their mutual coherence and the assessment of the occurrence of the risk of creating a provision for loss on the contract;
- in the case of contracts executed over a period longer than one year, the budgets of revenues and costs in these periods were compared and the changes in the budget amount with the source documentation were evaluated for the selected sample and the changes in the value of the assumed margin on the contract were explained;
- information on the progress of works was obtained for contracts with a high degree of cost involvement;
- for a selected sample of contracts (including the largest contracts), detailed procedures have been carried out to compare data from the spreadsheet with data derived from contracts with the Customer;

Responsibility of the Management Board and the Supervisory Board for the financial statement

The Management Board of the Company is responsible for preparing, on the basis of correctly kept accounting books, financial statement which presents a reliable and clear picture of the property and financial situation and financial result of the Company in accordance with the Accounting Act, adopted accounting principles (policy) and the applicable laws and articles of association as well as internal control, which the Management Board deems necessary to enable the preparation of financial statement without a significant distortion caused by fraud or error.

When preparing the financial statement, the Management Board of the Company is responsible for assessing the Company's ability to continue operations, disclosing, if applicable, matters related to going concern and adopting the principle of going concern as an accounting basis, except when the Management Board intends either to liquidate the Company or to discontinue conducting business or there is no real alternative to liquidation or discontinuation of activity.

The Management Board and members of the Company's Supervisory Board are obliged to ensure that the financial statement meets the requirements provided for in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibility for auditing the financial statement

Our goals are to obtain reasonable assurance that the financial statement as a whole do not contain any material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that a test conducted in accordance with the KSB will always detect the existing significant distortion. Distortions may arise as a result of fraud or error and are considered material if it can reasonably be expected that, individually or in aggregate, they could influence users' business decisions made on the basis of this financial statement.

The concept of materiality is used by the auditor both in planning and conducting the audit as well as in assessing the impact of the distortions identified during the audit and the unadjusted distortions, if any, on the financial statement, as well as when formulating the auditor's opinion. In connection with the above, all opinions and statements included in the audit report are expressed with regard to the qualitative and valuable level of significance determined in accordance with the audit standards and professional judgment of the expert auditor.

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

During a study in accordance with the KSB, we apply professional judgment and maintain professional scepticism, as well as:

- we identify and assess the risks of material misstatement of the financial statement due to fraud or error, design and conduct audit procedures that address these risks, and obtain audit evidence that is adequate and adequate to provide a basis for our opinion. The risk of not recognizing a significant misstatement due to fraud is greater than that resulting from the error, as the fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we gain an understanding of the internal control appropriate to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control;
- we assess the appropriateness of the accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- we draw a conclusion on the appropriateness of the Company's Management's application of the going concern principle as an accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may significantly doubt the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we require that we draw attention in our auditor's report to related disclosures in the financial statement or if such disclosures are inadequate, we modify our opinion. Our applications are based on audit evidence obtained up to the date of our audit report, however future events or conditions may cause the Company to cease its operations;
- we assess the overall presentation, structure and content of the financial statement, including disclosure, and whether the financial statement presents the underlying transactions and events in a manner that ensures a fair presentation.

We provide the Supervisory Board with information about, among other things, the 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 to the Supervisory Board a statement that we have complied with the relevant ethical requirements regarding independence and that we will inform them of all connections and other matters that could reasonably be considered to jeopardize our independence and, where applicable, we inform about the safeguards applied.

From among the matters forwarded to the Supervisory Board, we determined those matters which were most significant during the audit of the financial statement for the current reporting period and that is why we considered them to be key issues of the audit. We describe these matters in our auditor's report, unless laws or regulations prohibit public disclosure or when, in exceptional circumstances, we determine that the issue should not be presented in our report because it would reasonably be expected that the negative consequences would outweigh the benefits of such a report to the public interest.

Other information, including an activity report

Other information consists of a report on the Company's operations for the financial year ended 31st of December, 2019 ("Activity Report") together with a statement on the application of corporate governance and a statement on non-financial information referred to in Art. 49b section 1 of the Accounting Act, which are separate parts of this Report (together "Other information").

Responsibility of the Management Board and the Supervisory Board

The Management Board of the Company is responsible for preparing Other information in accordance with the law.

The Management Board of the Company and members of the Supervisory Board are obliged to ensure that the Report on the Company's activities along with the separated parts meet the requirements provided for in the Accounting Act.

Responsibility of the auditor

Our opinion on the audit of the financial statement does not include Other information.

In connection with the audit of the financial statement, it is our duty to read other information and, in doing so, consider whether other information is not materially inconsistent with the financial statement or our knowledge obtained during the audit or otherwise appear significantly distorted. If, based on the work performed, we find significant distortions in other information, we are required to inform you in our audit report. Our duty in accordance with the requirements of the Act on Expert Auditors is also to issue an opinion on whether the report on operations has been prepared in accordance with the regulations and whether it is consistent with the information contained in the financial statement. In addition, we are required to inform you whether the Company has made a statement about non-financial information and issuing an opinion on whether the Company has included the required information in the corporate governance statement.

We obtained the report on the Company's activity before the date of this audit report, and the Annual Report will be available after this date. In the event that we find a significant distortion in the Annual Report, we are obliged to inform the Supervisory Board of the Company about it.

Opinion on the Report on operations

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

- it has been drawn up in accordance with Article 49 of the Accounting Act and paragraph 70 of the Regulation of the Minister of Finance of 29th of March, 2019 regarding current and periodic information published by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent ("Current Information Regulation" Journal of Laws of 2018, item 757);
- is consistent with the information contained in the financial statement.

In addition, in the light of knowledge about the Company and its environment obtained during our audit, we declare that we have not identified significant distortions in the Report on the Company's operations.

Opinion on the statement on the application of corporate governance

In our opinion, in the statement on the application of corporate governance, the Company has included the information specified in paragraph 70, para. 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 lit. and the Regulations contained in the statement on the application of corporate governance are consistent with the applicable regulations and information contained in the financial statement.

Information on non-financial information

In accordance with the requirements of the Act on Expert Auditors, we confirm that the Company has prepared a statement on non-financial information, referred to in art. 49 section 9 1 of the Accounting Act as a separate part of the Report on operations.

We have not done any assurance work regarding a statement about non-financial information and we do not give any assurance about it.

Report on other legal and regulatory requirements

Declaration on services provided that are not auditing the 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 May 29, 2017. The Company's financial statements are tested continuously starting from the financial year ended December 31, 2017, that is for the next two 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 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

INTRODUCTION TO THE COMARCH S.A.'S FINANCIAL STATEMENT SA-R 2019**I. General Information about Comarch S.A. (the "Company")**

The basic activities of Comarch S.A. with its registered seat in Krakow at Al. Jana Pawła II 39 A include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, Eleventh Economic Division of the National Court Register. The company's KRS number is 0000057567. The duration of the Parent Company is not limited.

In the tables of this statement:

- the previous period means period 01.01.2018 - 31.12.2018 and refers to 12 months,
- the current period means period 01.01.2019 - 31.12.2019 and refers to 12 months.

As at 31st of December, 2019, Members of the Board of Supervisors:

- Elżbieta Filipiak - Chairman of the Board of Supervisors,
- Andrzej Ryszard Pach - Vice-Chairman of the Board of Supervisors,
- Danuta Drobnik - Member of the Board of Supervisors,
- Łukasz Kalinowski - Member of the Board of Supervisors,
- Joanna Krasodomska - Member of the Board of Supervisors,
- Anna Pruska - Member of the Board of Supervisors,
- Tadeusz Włudyka – Member of the Board of Supervisors.

As at 31st of December, 2019, Members of the 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.

**) 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 financial statement was prepared with the assumption of the continuation of commercial activities by Comarch S.A. in the foreseeable future. According to the company's management, there are no circumstances suggesting any threat to the continuation of activities. The financial statement includes financial data from Comarch S.A.'s branch in Albany.

Comarch S.A. is a parent company in the Capital Group. In addition to financial statement that is prepared pursuant to Act on Accounting, the company prepares also consolidated financial statement according to International Financial Reports Standards that are approved by the European Union.

II. There Were no Reservations in the Opinion of an Auditor Entitled to Audit Financial Statements of Comarch S.A. for 2018

III. Principles of Valuation of Assets and Equity and Liabilities and Measure of Financial Result

This financial statement was prepared according to the Act passed on 29th of September, 1994 on Accounting ("Act on Accounting") and the Regulation issued by the Minister of Finance on 18th of October, 2005 concerning information presented in financial statements and consolidated financial statements, required in a prospectus for issuers with its registered seat in Poland, to whom Polish accounting principles are proper ones, and according to the Regulation issued by the Minister of Finance on 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.

1. Non-Current Assets

1.1. Intangible Assets

Intangible assets are recorded at their acquisition prices with reference to the current redemption. The company carries out depreciation write-offs using the straight-line method. The following depreciation rates have been adopted:

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

Adopted depreciation rates are related to the estimated useful life of intangible assets. If the useful life of intangible assets resulting from the contract is shorter than it results from the periods determined above, depreciation write-offs are carried out in the period resulting from the contract. In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project.

1.2. Property, Plant and Equipment

a) Proprietary property, plant and equipment in use

Proprietary property, plant and equipment in use were valued according to acquisition prices or production costs less depreciation write-offs in proportion to their useful life and write-offs due to permanent losses in value.

The following detailed principles of depreciation of proprietary property, plant and equipment in use have been adopted by the company:

assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5% (for group number I), 30% (for group number IV), 15% (for group number VII) and 20% (for group number VIII). In case of proprietary property, plant and equipment in use that were acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Lands and the right of perpetual usufruct of land are not depreciated.

b) Proprietary property, plant and equipment under construction are valued according to acquisition prices less write-offs due to permanent losses in value.

c) Improvements in third party's proprietary property, plant and equipment are valued according to the acquisition price less depreciation. They are related to buildings and structures and depreciated with the straight-line method corresponding with periods of their economic utility.

- d) Proprietary property, plant and equipment, which are used according to the lease agreements** concluded after 1st of January, 2002, are classified as company's non-current assets if conditions resulting from article 3, section 4 of Act on Accounting are met and they are valued at fair value established as at the date of the beginning of the agreement or as at reception of the lease object into use, or at the current value of minimum lease fees, if it is lower than the fair value.

1.3. Long-Term Investments

a) Real estates

Real estates are valued according to acquisition price or production costs less depreciation write-offs in proportion to their useful life and write-offs due to permanent losses in value and principles specified in art. 31, art. 32 section 1-5 and art. 33 section 1 of the Act.

Costs and revenues related to real estates maintenance costs, their updating or reclassification are recognised as other operating revenue/costs (pursuant to art. 3 section 1, point 32 of the Act).

b) Non-current financial assets

As at the balance sheet date, financial assets are classified as non-current in the financial statement if the estimated period of their further owning exceeds 12 months from the balance sheet date.

Shares are recognised at the acquisition or originate date according to acquisition price, and at the balance sheet date according to acquisition price less write-offs due to permanent loss in value. When permanent loss in value appears, the revaluation of write-offs is carried out no later than at the balance sheet date.

Participation units in Comarch Corporate Investment Closed Investment Fund ("CCF FIZ") are valued at fair value and effects of valuation are settled with revaluation reserve.

Loans are valued according to value of depreciated cost using effective interest rate. In case of lack of differences that are significant for valuation, loans are classified at nominal value plus accrued interest based on interest rate resulting from contracts.

2. Current Assets

2.1. Inventories (Products in Progress, Materials, Finished Goods and Goods)

Materials are valued according real purchase prices. When loss in value in use is observed, revaluating write-offs are carried not later than as at the balance sheet date.

Components and servicing equipment purchased as inventory, in order to fulfil warranty obligations related to the performed contracts, are recognised according to their acquisition prices and then settled by value in proportion to the guarantee period. Production in progress given in the statement refers to software produced by Comarch S.A. and allocated for multiple sales. Production in progress is valued according to direct technical production costs.

Application software produced by Comarch S.A. and allocated for multiple sales is valued in the period when it benefits, no longer than 36 months from an initial sale, in the amount of surplus of software production costs over net revenues obtained from sales of these products within the following 36 months.

Depending on the nature of the produced software and the assessment of its possible sales, expenditures incurred for software production, in the amount of 50% to 100% of the invoiced sale in the above time period of sales, are written off into its own costs. If the company is aware of limits to sales capacity at an earlier point, it immediately performs a write-off revaluating production in progress in the amount of expenses in reference to which there is a probability that they will not be recovered,

or does a one-time write-off of the entirety of unsettled expenses (depending on the degree of risk valuation) into its own cost of sales.

Goods are appraised according to actual purchase prices, no higher than net selling prices.

Finished goods are appraised according to technical direct manufacturing costs, no higher than net selling prices.

2.2. Receivables

Receivables are recognised initially at nominal value and as at the balance sheet date in the amount of required payment. Receivables due to deliveries and services are classified as current receivables. Other receivables are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date).

In order to make their value real, receivables are decreased by write-offs revaluating bad debts.

Receivables in foreign currencies were valued as at the balance sheet date at NBP average exchange rates. The realised and resulting from balance valuation exchange differences are classified as financial revenues and financial costs respectively, after they were compensated.

2.3. Current Financial Assets

Assets recognised in the financial statement consist mostly of monetary assets and loans to other entities. Monetary assets consist of cash in hand, cash at banks and accrued interest on financial assets. Cash in domestic currency was valued at nominal value, while cash in foreign currencies was valued at NBP average exchange rates.

Loans are valued according to value of depreciated cost using effective interest rate. In case of lack of differences that are significant for valuation, loans are classified at nominal value plus accrued interest based on interest rate resulting from contracts.

Securities are valued according to acquisition cost or market value, depending on which of the values is lower.

2.4. Current and Non-current Prepayments of Costs

Expenses incurred in advance, but related to future reporting periods are settled by prepayments of costs. Prepayments of costs that last longer than 12 months starting with the balance sheet date are regarded as a non-current item.

Prepayments include also surplus of sales in long-term contracts made according to article 34a, section 1 and section 2, point 2 of Act on Accounting over value of sales invoiced to contractors.

3. Equity

Equity includes, among others:

- share capital of the company presented at nominal value,
- supplementary capital from profit-sharing in compliance with principles and limitations specified in the Commercial Companies Code and from surpluses of shares sold above their nominal value,
- other reserve capitals from profit-sharing intended for investment targets and other specified in statute - valued at nominal value,
- retained profit from adjustments due to changes in accounting principles in 2002 resulting from amendments to Act on Accounting and adjustments due to changes to the rules of recognising of built-in derivatives,
- revaluation reserve due to valuation of investment certificates in CCF FIZ and settlement of deferred tax on valuation.

4. Liabilities and Provisions for Liabilities

4.1. Provisions for Liabilities

They are created for reliable and possible losses due to business activities. In particular, they are related to:

- expected expenses that will incur during the next reporting period due to costs that are related to the current period,
- provisions for additional costs of contracts completion that are expected to incur and that exceed the amount of possible to achieve revenues; and provisions for guarantees,
- provisions due to rewards (premium) expected to be paid in the next reporting period, but related to the previous period,
- provisions for leaves.

They include also provisions due to deferred income tax.

4.2. Liabilities

At the time of initial recognition, financial liabilities are valued at nominal value and as at the balance sheet date, in the amount of required payment. Liabilities due to deliveries and services are classified as current liabilities. Other liabilities are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date). Liabilities in foreign currencies were valued as at the balance sheet date at NBP average exchange rates.

4.3. Special Funds

Special Funds consist of Social Services and Residential Fund that was created from profit-sharing for 1998 and 1999.

4.4. Accruals

Accruals of revenues include subsidies for financing of research and development works that are received from union funds and domestic funds for science.

Accruals of revenues include also surplus of sales invoiced to contractors over the value of proceeds from sales in long-term contracts determined according to article 34a, section 1 and section 2, point 2 of Act on Accounting.

5. Valuation of Assets and Equity and Liabilities Presented in Foreign Currencies and Principles of Determining Exchange Differences

5.1. Within Reporting Year

Economic operations which are expressed in foreign currencies are presented in accounting books as of the date of their conducting with the exchange rate respectively:

- Operations related to sale and purchase of goods and services at the average NBP exchange rate as of the date preceding conducting the operation; however, import purchases that require customs clearance and export sales of goods are valued according to exchange rates set within evidence for customs clearance,
- Operations regarding an influx of foreign currency to a bank account, resulting from payment of receivables for goods and services, securities and additional interest by the bank - at the average NBP exchange rate as of the date preceding conducting the operation.

- Incurring credit or loans in foreign currencies at the moment of their inflow to a bank account in addition to inflow of added interest on these credits - at the average NBP exchange rate as of the date preceding conducting the operation.
- Purchase and sale of interest, shares and securities stated in foreign currency - at the average NBP exchange rate as of the date preceding conducting the operation.
- Operations related to sales or purchases of currencies – at the exchange rate actually applied by the bank on a given day (purchase or sales exchange rate, respectively, applied by the bank).
- Payment of receivables in foreign currency (including loans), if the currency does not directly influence the currency account – at the purchase exchange rate, with the bank that converted (acquired) these currencies.
- Payment of liabilities, credit and loans with the foreign currency purchased at the bank (i.e. not directly from a currency banking account) – at the sales exchange rate applied by the bank.
- Other operations at the average NBP exchange rate – as of the date preceding conducting the operation or exchange rate actually applied (depending on the type of operation).

5.2. As at Balance Sheet Date

Items of assets and equity and liabilities are valued at binding NBP average exchange rates.

5.3. Principles of Determining Exchange Differences

- Exchange differences related to non-current investment are accounted for adequately with revaluation reserve or revenues and financial costs (according to article 35, section 2 and 4 of Act on Accounting).
- Exchange differences related to the other assets and equity and liabilities and those arising on payment of receivables and liabilities are classified to revenues and financial costs, respectively.
- Realised exchange differences, related to receivables and liabilities, are determined up to date, while unrealised exchange differences, related to receivables and liabilities and cash at banks are valued at the end of the quarter (in compliance with materiality principle).

6. Financial Instruments

Derivative financial instruments designated as 'hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12th of December, 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, qualified as fair value hedging, are valued at fair value and change in their valuation refers to the result from financial operations.

Derivative financial instruments designated as 'hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12th of December, 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, qualified as cash flow hedging, are valued at fair value change in their valuation refers to:

- the revaluation reserve (in the part that constitutes the effective hedging),
- the result from financial operations (in part that doesn't constitute the effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12th of December, 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, are valued at fair value and change in their valuation refers to the result from financial operations.

7. Financial Result

Comarch S.A. prepares its income statement in calculation version in compliance with matching principle revenues and costs.

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

- implementation services,
- installation services,
- guarantee and post-guarantee services,
- technical assistance services,
- software customisation services,
- other IT and non-IT services necessary for system implementation.

Integration contracts realised by Comarch S.A. are classified according to article 34 a-d of Act on Accounting, whereas degree of progress for contract is determined by share of incurred costs compared to total costs of service execution.

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

- revenues from proprietary software (irrespective of form, i.e. licences, property rights, etc.),
- revenues from services.

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

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

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

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

7.1. Revenues are Classified according to Accrual Basis

Revenues from uncompleted non-current services (contracts) are classified in proportion to the level of service according to article 34 a, section 2, point 1 of Act on Accounting.

Revenues from sales of other services, products, finished goods and other item of assets are recognised at the moment of delivery of products, finished goods and other items of assets, if the entity transferred significant risk and benefits resulting from their ownership or at the moment of executing the service. Sales are presented in net value, i.e. without commodity and services taxes and taking into account all discounts.

7.2. Costs Consist of:

- In relation to long-term contracts, total expenditures incurred in the period, on execution of contracts that were valued at production costs.
- In relation to other services, finished goods and other assets – value of sold (invoiced) products, finished goods and other items valued at production cost or acquisition price.
- Total administrative costs and cost of sales incurred in the period.

In the item "Costs of sold products, finished goods and materials from related parties" in the income statement the company presents the value of products, finished goods and materials purchased from related parties excluding these included in administrative costs, cost of sales and other operating costs.

Costs of sales consist of marketing costs and the costs of order acquisition by sales centres (departments) in the Comarch S.A.

General costs consist of the costs of the Comarch S.A. functioning as a whole and include administrative expenses and the costs of departments that operate for the general needs of the company.

7.3. Other Revenues and Operating Costs

These consist of revenues and costs not related directly to the ordinary activities of entities and comprise mostly: result from sale of property, plant and equipment and intangible assets, subsidies, provisions created, effects of revaluation of assets and result from research and development financed by union.

According to the materiality principle, content-related items are compensated and they are presented resultantly, respectively in operating revenues or costs. In particular, it refers to:

- result on sales and decommissioning of property, plant and equipment; recovered communication damages and costs of repairs after damage,
- received and paid penalties,
- recognised and dissolved write-offs that revalue receivables,
- subsidies, costs of realisation of research and development works financed by them.

7.4. Revenues and Financial Costs

Revenues and financial costs consist of revenues and costs due to interest, result from exchange differences, from disposal of financial assets and effects of investment revaluation.

7.5. Deferred Income Tax

Due to temporary differences between the presented value of assets and liabilities as well as their tax value and tax loss it will possible to deduct in the future, a provision is established and deferred income tax assets are defined.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle.

Deferred income tax provisions are established in the amount of income tax payable in the future in reference to positive temporary differences, which would result in increasing the basis of taxation in the future.

Provisions and assets due to deferred income tax are established fiscal rates which are legally binding in the tax point year.

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

Due to the fact that the company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised on the basis of the annual settlement of income tax, after the end of the fiscal year. Therefore as at the balance sheet date, the company determines only an asset and provision for deferred income tax only in relation to the types of activities, which are always taxable according to principles that are applied by the company, i.e. financial activities and other operating activities.

On the 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.

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

- 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, validity of this permit has not been specified;
- obtained in February, 2016, validity of this permit has not been specified;
- obtained in March, 2016, validity of this permit has not been specified.

At the same time, the company notes that on the 23rd of July, 2013, Council of Ministers adopted a regulation extending to 2026 the term of functioning of special economic zones on Polish territory.

The investment relief in respect of the permit obtained in 1999 was fully used. Limit of the unused investment relief in respect of the authorization obtained in 2007 as at the 31st of December, 2019, (discounted as at the permit date), is PLN 3,950 thousand. Limit of the unused investment relief in respect of the authorization obtained in 2013 as at the 31st of December, 2019, (discounted as at the permit date), is about PLN 28,929 thousand. Limit of the unused investment relief in respect of the authorization obtained in March, 2016, related to investment in office building SSE7 in Krakow, as at the 31st of December, 2019, (discounted as at the permit date), is about PLN 22,809 thousand.

Additional information on methods of recognition of a deferred income asset and tax exempt due to operations in Special Economic Zone are included in Note 4a of additional information and commentary to this financial statement.

Financial result is determined according to article 42 of Act on Accounting dated 29th of September, 1994 r. Cash flow statement is prepared using the indirect method.

IV. Principles of Conversion PLN to EURO and selected currencies

EUR rates used when calculating financial data

NBP average exchange rates

As at 31.12.2019	4.2585
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As at 31.12.2018	4.3000
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NBP arithmetic average exchange rates as at the end of every month

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

NBP minimum rate

For the period 1.01 - 31.12.2019	4.2406
----------------------------------	--------

For the period 1.01 - 31.12.2018	4.1423
----------------------------------	--------

NBP maximum rate

In the period 1.01 - 31.12.2019	4.3891
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In the period 1.01 - 31.12.2018	4.3978
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In the table "Selected financial data" points I-VIII and XVI-XVII are valuated at NBP arithmetic average exchange rates as at the end of every months in the period, while points IX-XIV and XVIII-XIX at NBP rate binding at the end of the period

Selected exchange rates used when calculating financial data

NBP average exchange rates for USD

As at 31.12.2019	3.7977
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As at 31.12.2018	3.7597
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NBP average exchange rates for CHF

As at 31.12.2019	3.9213
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As at 31.12.2018	3.8166
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NBP average exchange rates for GBP

As at 31.12.2019	4.9971
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As at 31.12.2018	4.7895
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NBP average exchange rates for DKK

As at 31.12.2019	0.5700
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As at 31.12.2018	0.5759
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NBP average exchange rates for CAD

As at 31.12.2019	2.9139
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As at 31.12.2018

2.7620

V. Differences between Polish Accounting Principles and International Financial Reporting Standards

Differences:

1. The Right of Perpetual Usufruct of Land

In IFRS, the method of presentation of the right of perpetual usufruct of land is not defined explicitly. There are different opinions in that case. Comarch S.A. as the Parent Company prepares consolidated financial statement according to IFRS and presents the right of perpetual usufruct of land as non-current prepayments settled in time. According to Act on Accounting the law of perpetual usufruct of land is presented as "lands" in property, plant and equipment and is not depreciated.

2. Operating in the Special Economic Zone ("SEZ")

As a result of Poland joining the European Union, there was a change within terms of income tax from legal persons from unlimited relief to relief that is limited in value and depends on the value of investments made.

Unused tax relief as at the balance sheet date constitutes a deferred income tax asset.

As at 31st of December, 2018, the company determined the asset that is worth PLN 11,162 million and presented it in the consolidated financial statement according to IFRS. Within 2019 the assets were dissolved, however as at 31st of December, 2019, an asset worth PLN 9,958 million was created.

Total effect on result would amount to minus PLN 1,204 thousand.

3. Managerial Option Programme

Not concern.

4. Adjustment of Revenues from the Application of IFRS 15

In 2018, the revenues were adjusted for the first time in accordance with IFRS 15. After applying the principles resulting from IFRS 15, the result would decrease by PLN 27,972 thousand. PLN

5. Adjustment of Receivables from the Application of IFRS 9

Comarch S.A. has trade receivables from related entities with repayment terms from 1 to 5 years. The nominal value of these receivables as at 31st of December, 2019 amounts to PLN 85,671 thousand PLN, and the current value using the 5.8% discount rate amounts to PLN 76,779 thousand. If Comarch S.A. applied the measurement principles resulting from IFRS 9, the result would be reduced by PLN 8,892 thousand.

6. Adjustment from the Application of IFRS 16

In 2019, IFRS 16 was applied for the first time. Lease contracts included lease contracts for buildings and office spaces, perpetual usufruct right to land, as well as leasing of means of transport and computer equipment.

The assets include the right to use determined in the amount of discounted future payments during the leasing period. The liabilities include the leasing liability determined in the amount of discounted future payments under the leasing contracts.

If the statements of Comarch S.A. were prepared in accordance with IFRS, as 31st of December, 2019, the asset due to right of use would amount to PLN 90,847 thousand and leasing liability would amount to PLN 91,302 thousand PLN, total effect on result for 2019 would amount to minus PLN 455 thousand.

7. Differences compared to IFRS (000'PLN)

Item	Equity as at 31 December 2019	Net result for 2019
Corrections according to the Polish accounting principles:	881,540	57,627
■ presentation of managerial option (point V 3)	0	0
■ an asset due to tax exemption in the SEZ (point V 2)	9,958	-1,204
■ depreciation due to the right of perpetual usufruct of lands (point V 1)	-1,459	-93
■ adjustment due to IFRS 15	-1,601	27,972
■ adjustment due to IFRS 16	-455	-455
■ adjustment to receivable due to IFRS 9	-8,892	-8,892
Equity and net result after adjusting above-mentioned differences:	879,091	74,955

FINANCIAL SUPERVISION AUTHORITY

ANNUAL REPORT SA-R 2019

(pursuant to §2 sec.1, pt.3 of the Regulation regarding current and periodical information)
(for issuers of securities managing production, construction, trade and services activities)

For financial year 2019 from 2019-01-01 to 2019-12-31
And for the previous year 2018 from 2018-01-01 to 2018-12-31

Date of publication: 2020-04-29

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

(An auditor entitled to audit financial statements)

Annual report includes:

- Opinion and Report of an Auditor regarding the Annual Financial Statement
- The position of the management body with the opinion of the supervisory authority, referring to reservations opinion, negative opinion and refusal to express an opinion on the financial statements
- The Management Board's statement regarding the Reliability of Financial Statement
- The Management Board's information regarding the Auditor Independence
- The Supervisory Board's statement regarding the Audit Committee
- Letter of the President of the Management Board
- Annual Financial Statement
 - Introduction
 - Balance Sheet
 - Income Statement
 - Changes in Equity
 - Cash Flow Statement
 - Additional Information and

Commentaries

- Report of the Management Board (Report regarding the Activities of Issuer)
 - Report regarding the Corporate Governance
 - Declaration regarding non-financial information
- Report regarding non-financial data
- The Supervisory Board's assessment regarding report on activities and financial statement
- Other information by ASI (alternative investment company)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2019	2018	2019	2018
I. Net revenues from sales of products, goods and materials	951,698	966,100	221,233	226,416
II. Profit (loss) on operating activities	33,519	89,389	7,792	20,949
III. Gross profit (loss)	67,397	57,075	15,667	13,376
IV. Net profit (loss)	57,627	49,649	13,396	11,636
V. Cash flows from operating activities	60,958	82,817	14,170	19,409
VI. Cash flows from investing activities	-7,665	-57,442	-1,782	-13,462
VII. Cash flows from financing activities	-53,199	-7,205	-12,367	-1,689

VIII. Total net cash flows	94	18,170	22	4,258
IX. Total assets	1,395,045	1,334,900	327,591	310,442
X. Liabilities and provisions for liabilities	513,505	500,711	120,584	116,444
XI. Non-current liabilities	120,946	152,343	28,401	35,429
XII. Current liabilities	160,942	157,089	37,793	36,532
XIII. Equity	881,540	834,190	207,007	193,998
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/EUR)	7.09	6.10	1.65	1.43
XVII. Diluted earnings (losses) per single share (PLN/EUR)	7.09	6.10	1.65	1.43
XVIII. Book value per single share (PLN/EUR)	108.39	102.56	25.45	23.85
XIX. Diluted book value per single share (PLN/EUR)	108.39	102.56	25.45	23.85
XX. Dividend per one share (paid or declared)	1.50	1.50	0.35	0.40

REPORT OF AN AUDITOR ENTITLED TO AUDIT FINANCIAL STATEMENTS ON ANNUAL FINANCIAL STATEMENT

File	Description
Comarch_JSF_SzB_2019-sig-sig.pdf	Report of an Auditor

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

File	Description
SAR 2019 The Management Board's Statement regarding the Reliability of Financial Statement	The Management Board's Statement regarding the Reliability of Financial Statement

THE MANAGEMENT BOARD'S INFORMATION REGARDING SELECTION OF THE AUDITOR

File	Description
SAR 2019 The Management Board's Information regarding Selection of the Auditor	The Management Board's Information regarding Selection of the Auditor

THE SUPERVISORY BORAD'S STATEMENT REGARDING THE AUDIT COMMITTEE

File	Description
SAR 2019 The Supervisory Borad's statement regarding the Audit Committee	The Supervisory Borad's statement regarding the Audit Committee

LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD

File	Description
SAR 2019 Letter of the President of the Management Board.pdf	Letter of the President of the Management Board

ANNUAL FINANCIAL STATEMENT

INTRODUCTION TO THE FINANCIAL STATEMENT

File	Description
SAR 2019 Introduction to the Financial Statement.pdf	Introduction to the Financial Statement

BALANCE SHEET

	Notes	thousands of PLN	
		2019	2018
ASSETS			
I. Non-current assets		735,752	736,083
1. Intangible assets	1	10,770	11,048
1. Property, plant and equipment	2	331,755	332,185
2. Non-current investment	3	384,927	383,826
2.1 Non-current financial assets		364,443	343,518
a) in related parties		361,704	342,583
b) in other entities where the issuer holds interest in capital		0	0
c) in other entities		2,739	935
2.2 Real estates		20,441	40,265
2.3 Other non-current investment		43	43
3. Non-current prepayments	4	8,300	9,024
3.1 Deferred income tax assets		6,082	6,205
3.2 Other prepayments		2,218	2,819
II. Current assets		659,293	598,817
1. Inventories	5	62,751	61,435
2. Current receivables	6 7	395,319	376,939
2.1 from related parties		254,508	227,173
2.2 from other entities where the issuer holds interest in capital		50	151
2.3 from other entities		140,761	149,615
3. Current investment		72,825	70,762
3.1 Current financial assets	8	72,825	70,762
a) in related parties		900	508
b) in other entities where the issuer holds interest in capital		0	0
c) in other entities		4,923	3,264
- granted loans		0	0
- interest and shares		0	0
- other current financial assets		4,923	3,264
d) cash and cash equivalents		67,002	66,990
4. Current prepayments	9	128,398	89,681
Total assets		1,395,045	1,334,900
EQUITY AND LIABILITIES			
I. Equity		881,540	834,190
1. Share capital		8,133	8,133
2. Capital from merger settlement		0	0
3. Supplementary capital	11	717,950	680,501
4. Revaluation reserve	12	97,085	95,162
5. Other reserve capitals	13	745	745
6. Previous years' profit (loss)		0	0
7. Net profit (loss)		57,627	49,649
II. Liabilities and provisions for liabilities		513,505	500,711

1. Provisions for liabilities	14	160,732	144,309
1.1 Provisions due to deferred income tax		24,786	23,732
1.2 Other provisions		135,946	120,577
a) current		135,946	120,577
2. Non-current liabilities	15	120,946	152,343
2.1 to related parties		19,539	28,240
2.2 to other entities where the issuer holds interest in capital		0	0
2.3 to other entities		101,407	124,103
3. Current liabilities	16	160,942	157,089
3.1 to related parties		29,077	28,541
3.2 to other entities where the issuer holds interest in capital		0	0
3.3 to other entities		130,657	127,135
3.4 special funds		1,208	1,413
4. Accruals	17	70,885	46,970
4.1 Other accruals		70,885	46,970
a) current		70,885	46,970
Total equity and liabilities		1,395,045	1,334,901

Book value		881,540	834,190
Number of shares		8,133,349	8,133,349
Book value per single share (PLN)	18	108.39	102.56
Diluted number of shares		8,133,349	8,133,349
Diluted book value per single share (PLN)	18	108.39	102.56

OFF-BALANCE SHEET ITEMS

	Notes	thousands of PLN	
		2019	2018
1. Contingent liabilities to related parties (due to)	19	51,078	55,390
-granted bank guarantees and suretyships		51,078	55,390
2. Contingent liabilities to other entities (due to)	33	90,725	81,163
-received bank guarantees and suretyships		90,725	81,163
Total off-balance sheet items		141,803	136,553

INCOME STATEMENT

	Notes	thousands of PLN	
		2019	2018
I. Net revenues from sales of products, goods and materials, including:		951,698	966,100
-revenues from related parties		326,412	419,431
1. Net revenues from sales of products	20	883,758	874,509
2. Net revenues from sales of goods and materials	21	67,940	91,591
II. Costs of products, goods and materials sold, including:		761,532	719,140
-to related parties		34,068	36,130
1. Manufacturing cost of products sold	22	698,907	633,882
2. Value of products, goods and materials sold		62,625	85,258
III. Gross profit (loss) on sales		190,166	246,960
IV. Costs of sales	22	74,033	73,067
V. Administrative costs	22	74,952	55,517
VI. Profit (loss) on sales		41,181	118,376
VII. Other operating revenues		14,260	1,972
1. Profit on disposal of non-financial non-current assets		607	687
2. Other operating revenues	23	13,653	1,285

VIII. Other operating costs		21,922	30,959
1. Other operating costs	24	21,922	30,959
IX. Profit (loss) on operating activities		33,519	89,389
X. Financial revenues	25	45,416	10,845
1. Dividends and share in profits		37,140	3,070
-from related parties		37,140	3,070
2. Profit on disposal of investment		3,355	6,485
3. Revaluation of financial assets		0	0
4. Interest, including:		1,401	491
-from related parties		943	334
5. Other		3,520	799
XI. Finance costs	26	11,538	43,159
1. Interest, including:		3,193	3,631
-to related parties		722	675
2. Loss on disposal of financial assets		0	0
3. Revaluation of financial assets		7,845	30,826
4. Other		500	8,702
XII. Gross profit (loss)		67,397	57,075
XIII. Income tax	27	9,770	7,426
a) current		9,044	9,280
b) deferred		726	-1,854
XIV. Net profit (loss)		57,627	49,649

Net profit (loss) (annualised)		57,627	49,649
Weighted average number of shares		8,133,349	8,133,349
Earnings (losses) per single share (PLN)	29	7.09	6.10
Diluted weighted average number of shares		8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	29	7.09	6.10

CHANGES IN EQUITY

	thousands of PLN	
	2019	2018
I. Opening balance of equity (BO)	834,190	796,984
I. a. Opening balance of equity after adjustments	834,190	796,984
1. Opening balance of share capital	8,133	8,133
1.1. Changes in share capital	0	0
a) increases (due to)	0	0
- shares issue	0	0
1.2. Closing balance of share capital	8,133	8,133
2. Opening balance of supplementary capital	680,501	653,363
2.1. Changes in supplementary capital	37,449	27,138
a) increases (due to)	37,449	27,138
-profit-sharing for the previous years	37,449	27,138
2.2. Closing balance of supplementary capital	717,950	680,501
3. Opening balance of revaluation reserve	95,162	95,405
-changes in applied accounting principles	0	0
3.1. Changes in revaluation reserve	1,923	-243
a) increases (due to)	2,374	58
-provision for deferred income tax due to certificates valuation	0	0
-balance sheet valuation of investment certificates	2,374	
b) decreases (due to)	451	301

-provision for deferred income tax due to certificates valuation	451	0
-balance sheet valuation of investment certificates	0	301
3.2 Closing balance of revaluation reserve	97,085	95,162
4. Opening balance of capital from merger	0	0
4.1 Closing balance of capital from merger	0	0
5. Opening balance of other reserve capitals	745	745
5.1 Closing balance of other reserve capitals	745	745
6. Opening balance of the previous years' profit (loss)	49,649	39,338
6.1. Opening balance of the previous years' profit	49,649	39,338
a) decreases (due to)	49,649	39,338
-transferring the result for the previous years to supplementary capital	37,449	27,138
- payment of dividends	12,200	12,200
6.2. Closing balance of the previous years' profit	0	0
7. Net result	57,627	49,649
a) net profit	57,627	49,649
II. Closing balance of equity	881,540	834,190
III. Equity including proposed profit-sharing (loss coverage)	881,540	834,190

CASH FLOW STATEMENT

	thousands of PLN	
	2019	2018
A. Cash flows from operating activities		
I. Net profit (loss)	57,627	49,649
II. Total adjustments	3,331	33,168
1. Depreciation	44,622	43,436
2. Exchange gains (losses)	83	-227
3. Interest and shares in profits (dividends)	-34,700	205
4. Profit (loss) on investing activities	5,710	31,582
5. Change in provisions	15,971	20,110
6. Change in inventories	-1,567	16,937
7. Change in receivables	-26,065	-63,367
8. Change in current liabilities, excluding credits and loans	13,355	363
9. Change in prepayments and accruals	-14,078	-15,871
10. Other adjustments	0	0
III. Net cash used in operating activities (I+/-II)-indirect method	60,958	82,817
B. Cash flows from investing activities		
I. Inflows	47,354	14,765
1. Disposal of property, plant and equipment and intangible assets	4,262	4,777
2. From financial assets, including:	43,092	9,988
a) in related parties	39,738	3,504
-received loans	0	0
-dividends and share in profits	37,140	3,070
-repaid loans	1,968	112
-repaid interest	630	322
b) in other entities	3,354	6,484
-other inflows from financial assets	3,354	6,484
II. Outflows	-55,019	-72,207
1. Purchase of property, plant and equipment and intangible assets	-27,503	-54,780
2. Expenses for investment in real estates	-908	-2
3. For financial assets, including:	-26,608	-17,425

a) in related parties	-26,608	-17,425
-purchase of financial assets	-6,324	-1,783
-granted non-current loans	-20,284	-15,642
-payment of loans	0	0
-payment of interest	0	0
b) in other entities	0	0
-purchase of financial assets	0	0
-loss on forward contract	0	0
4. Other investment expenditures	0	0
III. Net cash flow investing activities (I-II)	-7,665	-57,442
C. Cash flow from financing activities		
I. Inflows	12,302	55,730
1. Inflows from share issue and other capital instruments as well as surcharges to capital	0	0
2. Loans and credits	10,773	54,928
3. Repaid loans	0	774
4. Received loans	0	0
5. Other financial inflows (subsidies received)	1,529	0
6. Interest received on paid loans	0	28
7. Other financial inflows	0	0
II. Outflows	-65,501	-62,935
1. Expenses due to distribution of profit (other than payments to owners)	-12,200	-12,200
2. Repayment of loans and credits	-50,209	-46,288
3. Interest	-3,069	-3,414
4. Granted loans	-23	-353
5. Acquisition of own shares (equity), capital surcharge	0	-680
III. Net cash (used in)/generated from financing activities (I-II)	-53,199	-7,205
D. Total net cash flows (A.III+/-B.III+/-C.III)	94	18,170
E. Balance sheet change in cash and cash equivalents, including:	12	18,469
-change in cash and cash equivalents due to exchange differences	-83	299
F. Cash and cash equivalents opening balance	66,989	48,520
G. Closing balance of cash and equivalents (F+/-E), including:	67,001	66,989
-limited disposal	783	1,341

ADDITIONAL INFORMATION AND COMMENTARY

A. COMMENTARY NOTES

BALANCE SHEET COMMENTARY NOTES

Note 1 a

INTANGIBLE ASSETS	thousands of PLN	
	2019	2018
a) costs of finished development works	0	0
b) goodwill	0	0
c) licences, patents and similar items, including:	10,316	11,048
-computer software	0	0
d) other intangible assets	454	454
e) advance payments for intangible assets	0	0
Total intangible assets	10,770	11,048

Should be indicated and explained the period of write-offs from completed development works and depreciation write-offs from goodwill.

Note 1 b

CHANGES IN INTANGIBLE ASSETS (BY TYPES)							
thousands of PLN							
	a	b	c		d	e	Total intangible assets
	costs of completed development work	goodwill	licences, patents and similar items, including	-computer software	other intangible assets	advances for intangible assets	
a) opening balance of gross value of intangible assets	0	0	45,417	1,275	6,551	0	51,968
b) increases (due to)	0	0	6,248	0	0	0	6,248
-purchase	0	0	6,248	0	0	0	6,248
c) decreases (due to)	0	0	21	0	0	0	21
-decommissioning	0	0	21	0	0	0	21
-sales	0	0	0	0	0	0	0
d) closing balance of gross value of intangible assets	0	0	51,644	1,275	6,551	0	58,195
e) opening balance of accumulated depreciation (amortisation)	0	0	34,823	1,275	6,097	0	40,920
f) depreciation for the period (due to)	0	0	6,505	0	0	0	6,505
-increases (costs depreciation)	0	0	6,526	0	0	0	6,526
-decreases	0	0	21	0	0	0	21
g) closing balance of accumulated depreciation (amortisation)	0	0	41,328	1,275	6,097	0	47,425
h) closing balance of net value of intangible assets	0	0	10,316	0	454	0	10,770

Note 1 c

INTANGIBLE ASSETS (PROPRIETARY STRUCTURE)	thousands of PLN	
	2019	2018
a) proprietary	10,770	11,048
Total intangible assets	10,770	11,048

Note 2 a

PROPERTY, PLANT AND EQUIPMENT	thousands of PLN	
	2019	2018
a) property, plant and equipment in use, including:	329,463	330,851
-lands (including right of perpetual usufruct of land)	32,095	32,003
-buildings, premises and water and civil engineering structures	207,353	195,052
-technical equipment and machines	68,508	81,138
-means of transport	16,470	16,652
-other property, plant and equipment	5,037	6,006
b) property, plant and equipment under construction	218	1,313
c) advances for property, plant and equipment under construction	2,074	21
Total property, plant and equipment	331,755	332,185

Note 2 b

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN USE (BY TYPES)						
thousands of PLN						
	- lands (including right of perpetual usufruct of land)	- buildings, premises and water and civil engineering structures	- technical equipment and machines	- means of transport	- other non-current assets	Total non-current assets in use
a) opening balance of gross value of property, plant and equipment in use	32,135	237,196	245,309	27,114	21,112	562,866
b) increases (due to)	696	23,237	17,072	5,223	659	46,887
-purchase	696	751	12,253	5,223	659	18,886
-transferring from long-term investments to of property, plant and equipment in use	736	22,486	4,819	0	0	28,001
c) decreases (due to)	0	682	9,130	4,144	69	14,761
-decommissioning	0	682	7,662	353	61	8,758
-sales	736	0	1,468	3,791	8	5,267
-transferring the building for rent to investment real estates	32,095	0	0	0	0	736
d) closing balance of gross value of property, plant and equipment in use	132	259,751	253,251	28,193	21,702	594,992
e) opening balance of accumulated depreciation (amortisation)	132	42,144	164,171	10,462	15,106	232,015
f) decrease (transferring the building for rent to investment real estates)	0	0	0	0	0	132
g) increase ((transferring of building from investment of property, plant and equipment in use)	0	3,239	4,331	0	0	7,570
h) depreciation for the period (due to)	0	7,014	16,241	1,261	1,560	26,076
-increases (costs depreciation for the period)	0	7,615	24,634	3,261	1,623	37,133
-decreases (decommissioning)	0	601	7,522	353	57	8,533
-decreases (sales)	0	52,397	871	1,647	6	2,524
i) closing balance of accumulated depreciation (amortisation)	32,095	207,354	184,743	11,723	16,666	265,529
j) closing balance of net value of property, plant and equipment in use	32,135	237,196	68,508	16,470	5,036	329,463

Note 2 c

BALANCE SHEET PROPERTY, PLANT AND EQUIPMENT IN USE (PROPRIETARY STRUCTURE)	thousands of PLN	
	2019	2018
a) proprietary	329,461	330,838
-used on the basis of an agreement of rental, lease or others, including lease agreements	2	13
Total balance sheet property, plant and equipment in use	329,463	330,851

Note 3 a

CHANGES IN REAL ESTATES (BY TYPES)	thousands of PLN	
	2019	2018
a) opening balance	40,265	26,780
b) increases (due to)	1,640	15,179
-fittings of a building dedicated for rent	904	0
-transferring the building and land dedicated for rent	736	15,179
c) decreases (due to)	21,464	1,694
-depreciation for the period	963	1,694
-decreases due to transfer to property, plant and equipment in use	20,501	0
d) closing balance	20,441	40,265

Note 3b

NON-CURRENT FINANCIAL ASSETS	thousands of PLN	
	2019	2018
a) in related parties	361,704	342,583
-interest or shares	203,490	204,977
-granted loans	36,794	18,560
-other securities	121,420	119,046
-interest due to granted loans	0	0
b) in other entities where the issuer holds interest in capital	0	0
-interest or shares	0	0
-granted loans	0	0
c) in other entities	2,739	935
- other non-current financial assets (by types)	2,739	935
-forward contracts	2,739	935
Total non-current financial assets	364,443	343,518

Note 3 c

CHANGES IN NON-CURRENT FINANCIAL ASSETS (BY TYPES)	thousands of PLN	
	2019	2018
a) opening balance	343,518	359,299
Interest and shares		
b) opening balance	204,977	233,772
c) increases (due to)	6,358	2,031
-purchase of shares in subsidiaries	6,324	1,783
- balance sheet valuation of shares	34	248
d) decreases (due to)	7,845	30,826
- revaluation of shares	7,845	30,826
- balance sheet valuation of shares	0	0
e) closing balance	203,490	204,977

Other securities		
f) opening balance	119,046	119,347
g) increases (due to)	2,374	0
-purchase of investment certificates of FIZ	2,374	0
h) decreases (due to)	0	301
-valuation of shares in CCF Closed Investment Fund	0	301
i) closing balance	121,420	119,046
Non-current loans and other non-current assets in subsidiaries		
j) opening balance	18,560	3,343
k) increases (due to)	21,420	15,707
-loans granted to subsidiaries	20,284	15,642
-loans granted to other entities	0	0
-interest due to non-current loans	0	0
-balance sheet valuation of loans in subsidiaries	0	65
-dissolving write-offs revaluating loans in subsidiaries	1,136	0
-dissolving write-offs revaluating interests	0	0
-balance sheet and adjusted valuation of interest on loans	0	0
l) decreases (due to)	3,186	490
-repayment of subsidiaries' loans	1,968	321
-repayment of loans to entities where the issuer holds interest in capital	0	0
-repayment of interests on subsidiaries' loans	0	0
- repayment of loans to other entities	0	130
-creating write-offs revaluating interests	0	0
-balance sheet valuation	0	0
-transferring non-current loans from related parties to current loans	0	0
-transferring non-current loans from entities where the issuer holds interest in capital to current loans	80	0
-cancelling the loans in subsidiaries	1,075	0
-cancelling the interest on loans in subsidiaries	0	0
-creating write-offs revaluating loans in subsidiaries	0	39
- capitalization of interest	0	0
- balance sheet valuation and adjusted interest on loans	63	0
m) closing balance	36,794	18,560
Other non-current assets		
n) opening balance	935	2,837
o) increases (due to)	1,804	0
- valuation of forward contracts	1,804	0
p) closing balance	0	1,902
- valuation of forward contracts	0	1,902
q) Closing balance	2,739	935
r) Closing balance	364,443	343,518

Note 3 d

Note 3d INTEREST OR SHARES IN RELATED UNITS												
No	thousands of PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
	name of entity (company) including legal form	seat	activities	nature of relationship (subsidiary, correlate or associate, including direct and indirect relationship)	the applied method of consolidation / equity method valuation or indication that an entity is not subject to consolidation / valued by equity method	date of control / co-control accession / obtaining major share	value of interest / shares by acquisition price	revaluating corrections (total)	balance sheet value of interest / shares	% of share capital held	share in total number of votes at AGM	indication of basis for control / co control / major share different than the one specified under clauses j) or k)
1	Comarch AG	Dresden	sales of software and services in European and South American market	subsidiary	consolidated	13.09.1999	154,456	-1,320	153,136	100	100	
2	Comarch Software und Beratung AG	Munich	provider of IT solutions (especially ERP) and integrator of IT solutions	second degree subsidiary (subsidiary of Comarch AG)	consolidated	18.11.2008	109,382	-38,485	70,897	100	100	subsidiary of Comarch AG (100%)*
3	Comarch Solutions GmbH	Innsbruck	producer of software (especially ERP) and integrator of IT systems	third degree subsidiary (subsidiary of Comarch)	consolidated	18.11.2008	6,286	-4,960	1,326	100	100	subsidiary of Comarch Software und Beratung AG (100%)

				Software und Beratung AG)								
4	Comarch Sistemas LTDA	Sao Paulo	sales of software and services in Central and South American markets and support of delivered IT systems	second degree subsidiary (subsidiary of Comarch AG)	consolidated	02.09.2014	1,208	0	1,208	100	100	subsidiary of Comarch AG (80%) and Comarch SuB AG (20%)
5	Comarch Peru S.A.C.	Lima	sales of software and services in Central and South American markets and support of delivered IT systems	second degree subsidiary (subsidiary of Comarch AG)	consolidated	14.12.2016	196	0	196	100	100	subsidiary of Comarch AG (95%) and Comarch SA (5%)
6	Comarch S.A.S.	Lezennes	sales of software and services in European and North American market	subsidiary	consolidated	14.09.2007	41,402	-37,114	4,288	100	100	
7	Comarch R&D S.a r.l.	Montbonnot-Saint-Martin	sales of software and services in European and North American market	subsidiary	consolidated	16.09.2008	714	-714	0	100	100	
8	Comarch Luxembourg S.a r.l.	Luxemburg	sales of software and services in European market	subsidiary	consolidated	21.04.2011	1,981		1,981	100	100	
9	Comarch, Inc.	Rosemont	sales and production of IT systems in American Markets	subsidiary	consolidated	24.06.1999	991	-991	0	100	100	
10	Comarch Panama, Inc.	Panama	sales of software and	second degree subsidiary (subsidiary of	consolidated	22.11.2004	914	0	914	100	100	subsidiary of Comarch Inc. (100%)

			services in European, Central and South American market	Comarch, Inc.)								
11	Comarch Canada Corp.	New Brunswick	sales of IT systems in the Canadian and South American Market	subsidiary	consolidated	01.06.2011	162	-21	141	100	100	
12	Comarch Espace Connecte Inc.	Montreal	sales of IT systems in Canadian Market	subsidiary	consolidated	16.04.2015	1,164	-54	1,110	100	100	
13	Comarch Middle East FZ-LLC	Dubai	sales of IT systems in Middle East and support of delivered IT systems	subsidiary	consolidated	08.04.2004	203	-203	0	100	100	
14	Comarch LLC	Kiev	sales of IT systems in Ukraine and support of delivered IT systems	subsidiary	consolidated	01.06.2004	34	-34	0	100	100	
15	OOO Comarch	Moscow	sales of IT systems in Russia and support of delivered IT systems	subsidiary	consolidated	26.01.2005	147	-147	0	100	100	
16	Comarch Software (Shanghai) Co. Ltd.	Shanghai	sales of IT systems in China and support of delivered IT systems	subsidiary	consolidated	q3 2009	597	-597	0	100	100	
17	Comarch Technologies Oy	Espoo	sales of IT systems in Scandinavian markets and support of delivered IT systems	subsidiary	consolidated	16.12.2010	198	-198	0	100	100	
18	Comarch UK Ltd.	London	sales of IT systems in GB, Ireland and Poland	subsidiary	consolidated	20.03.2012	271	-36	235	100	100	

			and support of delivered IT systems									
19	Comarch Japan KK	Tokyo	sales of IT systems in Japan and support of delivered IT systems	subsidiary	consolidated	2017-07-07	490	0	490	100	100	subsidiary of Comarch UK (100%)
20	Comarch Chile SpA	Santiago	sales of IT systems in Chile and support of delivered IT systems	subsidiary	consolidated	23.05.2013	920	-920	0	100	100	
21	Comarch Software Spain S.L.U.	Madrid	sales of IT systems in European markets and South American markets and support of delivered IT systems	subsidiary	consolidated	11.11.2014	4,641	-4,641	0	100	100	
22	Comarch Colombia S.A.S.	Bogota	sales of IT systems in and South American markets and support of delivered IT systems	second degree subsidiary (subsidiary of Comarch Software Spain S.L.U.)	consolidated	04.05.2016	3,860	0	3,860	100	100	subsidiary of Comarch Software Spain S.L.U. (100%)
23	Comarch Yazilim A.S.	Istanbul	sales of IT systems in Turkey and support of delivered IT systems	subsidiary	consolidated	18.12.2014	825	-825	0	100	100	
24	Comarch SRL	Milano	sales of IT systems and services in Europe	subsidiary	consolidated	05.02.2015	7,441	-5,206	2,235	100	100	
25	Comarch Malaysia SDN. BHD.	Kuala Lumpur	sales of IT systems and services in Asia	subsidiary	consolidated	02.04.2015	517	-517	0	100	100	

26	Comarch S.r.o.	Bratislava	limited operations	subsidiary	consolidated	31.08.2004	494	-494	0	100	100	
27	Comarch Pointshub Inc.	Rosemont	sales of IT systems and services in America	subsidiary	consolidated	24.08.2015	32,910	-32,876	34	100	100	
28	Comarch AB	Stockholm	sales of IT systems and services in Europe	subsidiary	consolidated	18.08.2015	22	0	22	100	100	
29	Comarch Argentina S.A.	Buenos Aires	sales of IT systems in Central and South American markets	subsidiary	consolidated	11.11.2015	929	-882	47	100	100	subsidiary of Comarch S.A. (95%) and Comarch AG (5%)
30	Comarch Saudi Arabia Co.	Riyadh	sales of IT systems in Saudi Arabia	subsidiary	consolidated	19.03.2017	1,016	-9	1,007	100	100	subsidiary of Comarch S.A. (95%) and Comarch Infrastruktura S.A. (5%)
31	Comarch Mexico S.A. de C.V.	Mexico City	sales of IT systems in Mexico	subsidiary	consolidated	13.04.2018	102	0	102	100	100	subsidiary of Comarch S.A. (99%)
32	Comarch Yuhan Hoesa (Comarch Ltd.)	Seul	sales of IT systems in South Korea	subsidiary	consolidated	11.09.2018	340	0	340	100	100	
33	Comarch (Thailand) Limited	Bangkok	sales of IT systems in Thailand	subsidiary	consolidated	01.10.2018	2,204	0	2,204	100	100	subsidiary of Comarch S.A. (98%), CA Consulting S.A. (1%) and Comarch Technologies Sp. z o.o. (1%)

34	Comarch BV	Rotterdam	sales of IT systems in Saudi Netherlands	subsidiary	consolidated	23.11.2018	872	0	872	100	100	
35	Comarch Pty. Ltd.	Sydney	sales of IT systems in Australia	subsidiary	consolidated	22.05.2019	264	0	264	100	100	
36	Comarch Technologies sp. z o.o.	Kraków	responsible for the development of technologies related to the design and production of electronic devices and software	subsidiary	consolidated	18.11.2008	298	0	298	100	100	
37	CA Consulting SA	Warsaw	delivery of network connections and outsourcing services	subsidiary	consolidated	18.06.2004	1,053	0	1,053	100	100	
38	Comarch Management Sp. z o.o	Kraków	activities related to IT	subsidiary	consolidated	19.10.2007	400	-300	100	100	100	
39	Comarch Corporate Finance FIZ	Kraków	investment activity on capital market and activities related to IT	subsidiary	consolidated	24.10.2007	1,060	120,360	121,420	100	100	100% certificates held by Comarch S.A.
40	Comarch Management Sp. z o.o. SK-A	Kraków	activities related to IT	second degree subsidiary	consolidated	21.11.2007	11,278	-11,232	46	100	100	25% votes held by CCF FIZ; 75% votes held by Comarch S.A shares purchased by Comarch Management Sp. o.o. SK-A to be redeemed, the Company does not

												exercise the voting rights
41	Bonus Management Sp. z o.o. SK-A	Kraków	activities related to real estates in Comarch	second degree subsidiary	consolidated	24.02.2011	28,344	-903	27,441	100	100	subsidiary through CCF FIZ
42	Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością Cracovia Park SK-A	Kraków	investment activities in sport	second degree subsidiary	consolidated	25.03.2014	2,400	0	2,400	100	100	33.33% votes held by MKS Cracovia S.A., 66.67% held by Bonus Management Sp. Z o.o.SK-A
43	Bonus Development Sp. z o.o. SK-A	Kraków	activities related to real estates in Comarch	second degree subsidiary	consolidated	24.02.2011	55,950	26,677	29,273	100	100	subsidiary through CCF FIZ
44	Bonus Management Sp. z o.o. II Activia SK-A	Kraków	investment activity on capital and IT market	second degree subsidiary	consolidated	07.10.2010	15,552	-4,154	11,398	100	100	subsidiary through CCF FIZ
45	Bonus Development Sp. z o.o. II Koncept SK-A	Kraków	investment in real estates and activities related to real estates	second degree subsidiary	consolidated	25.10.2010	8,933	2,314	11,247	100	100	subsidiary through CCF FIZ
46	Comarch Healthcare S.A.	Kraków	production and supply of comprehensive solutions for the health sector and medical diagnostic centre in Krakow iMed24	second degree subsidiary	consolidated	08.04.2008	132,183	-92,183	40,000	100	100	38.27% votes held by CCF FIZ, 17.33% held by Comarch S.A., 33.02% held by Comarch Software und Beratung AG,

												11.38% held by CASA Management and Consulting Sp. z o.o. SK-A
47	Comarch Polska S.A.	Kraków	acquires IT contracts in the domestic market and implements them in whole or in part	second degree subsidiary	consolidated	09.06.2008	10,000	-10,000	0	100	100	subsidiary through CCF FIZ
48	Comarch Pointshub S.A.	Kraków	activities involving the manufacture and implementation of a new generation of loyalty software	second degree subsidiary	consolidated	21.10.2008	3,000	-466	2,534	100	100	subsidiary through CCF FIZ
49	Comarch Infrastruktura S.A.	Kraków	data centre services and IT outsourcing	second degree subsidiary	consolidated	09.12.2008	1,150	6,141	7,291	100	100	subsidiary through CCF FIZ
50	iComarch24 S.A.	Kraków	provides accounting services for domestic subsidiaries of Comarch S.A. and leads projects related to e-accounting and ecommerce	second degree subsidiary	consolidated	04.05.2009	2,500	1,754	4,254	100	100	subsidiary through CCF FIZ
51	Geopolis sp. z o.o.	Toruń	Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers	subsidiary	consolidated	2017-04-03	4,050	-4,050	0	100	100	

			and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals.									
52	CASA Management and Consulting Sp. z o.o. SK-A	Kraków	investment activity on capital market	second degree subsidiary	consolidated	12.10.2009	31,140	-6,394	24,746	100	100	subsidiary through CCF FIZ
53	Comarch Swiss AG	Luzern	sales and implementation of software (especially ERP) and systems integrator	third degree subsidiary	consolidated	18.11.2008	175	0	175	100	100	subsidiary through CASA Management and Consulting Sp. o.o. SK-A
54	CAMS AG	Luzern	investment activity in the capital and IT market	third degree subsidiary	consolidated	21.01.2013	12,198	0	12,198	51	51	51% votes held by CASA Management and Consulting Sp. o.o. SK-A
55	Opso Sp. z o.o.	Kraków	catering services	subsidiary	consolidated	20.12.2011	205	0	205	100	100	
56	MKS Cracovia SSA	Kraków	activities in the field of physical culture and sports	subsidiary	consolidated	29.09.2003	37,209	-3,341	33,868	66.11	66.11	66.11% of the votes held by Comarch S.A.
57	SoInteractive S.A.**	Kraków	activities in the field of interactive web technologies	associated	equity method valuation	29.09.2008	5,400	-5,400	0	42.98	27.37	16.10% of the votes held by CCF FIZ, 11.27% of the votes held by

												Bonus Management Sp. o.o. II Activia SK-A
58	Metrum Capital S.A. *	Kraków	implementation of investment software	associated	equity method valuation	06.02.2014	450	-450	0	64.29	47.37	15.79% of the votes held by Comarch SA, 31.58% held by CAMS AG

The note presents interests and shares held by Comarch S.A. as well as by other entities in the Comarch Group.

The balance sheet valuation of interests and shares held by Comarch S.A. amounts to PLN 203,490 thousand, value of securities amounts to PLN 121,420 thousand and the balance sheet valuation of shares in subsidiaries amounts to PLN 260,462 thousand.

The balance sheet value of shares in associates is presented at the value corresponding to the the valuation according to the equity method (analogically to the consolidated financial statements of Comarch S.A.)

(*) the balance sheet value of shares in associates is presented in the value corresponding to valuation by the equity method (as described in the consolidated financial statement of Comarch S.A.)

Note 3 e

Note 3e INTEREST OR SHARES IN RELATED PARTIES																	
thousands of PLN																	
N o	a	m						n			o			p	r	s	t
	Name of entity	Equity, including:						liabilities and provisions for liabilities:			receivables of entity, including:			Total assets	Revenue from sales	Value of interest / shares in entity unpaid by issuer	Interest / shares in entity unpaid by issuer dividends from entity received or due for the financial year
		Share capital	Supplementary capital)	Other equity, including:				Noncurrent liabilities	Current liabilities	Non-current receivables	Current receivables						
		supplementary capital	Profit (loss) from previous years	Net profit (loss)													
1	Comarch AG	137,097	61,888	90,973	-15,764	-23,383	5,115	110,773	18,154	92,619	77,835	0	77,835	247,870	143713	0	0
2	Grupa Comarch Software und Beratung AG	128,982	24,590	62,947	41,445	32,732	17,958	49,065	5,054	44,011	45,477	0	45,477	178,047	150,747	0	0
3	Comarch Sistemas LTDA	-4,897	1,208	0	-6,105	-4,434	-3,210	33,795	6,887	26,908	1,211	45	1,166	28,898	14,028	0	0
4	Comarch Peru S.A.C.	1,234	1,845	0	-611	-498	-60	457	0	457	915	0	915	1,692	3,016	0	0

COMARCH

SA-R 2019

5	Comarch S.A.S.	4,045	39,040	0	-34,995	-34,341	-2,691	95,531	17,857	77,674	28,599	0	28,599	99,576	56,659	0	0
6	Comarch R&D S.a.r.l	1,813	26	0	1,787	832	696	6,997	4,318	2,679	5,409	61	5,348	8,810	10,636	0	0
7	Comarch Luxembourg S.a.r.l.	5,138	1,981	0	3,157	1,977	1,081	6,740	0	6,740	4,959	0	4,959	11,879	5,964	0	0
8	Comarch, nc.	17,260	154	853	16,253	16,022	-67	12,781	0	12,781	15,578	2,657	12,921	30,041	60,153	0	0
9	Comarch Panama, Inc.	11,378	914	0	10,464	8,392	1,270	1,684	0	1,684	6,578	0	6,578	13,062	4,397	0	0
10	Comarch Canada Corp.	12,479	162	0	12,317	10,964	2,623	4,870	1,188	3,682	6,275	59	6,216	17,349	15,191	0	0
11	Comarch Espace Connecte nc.	1,176	1,164	0	12	27	-3	6	0	6	54	0	54	1,182	0	0	0
12	Comarch Middle East FZ-LLC	-18,304	200	0	-18,504	-22,071	2,339	34,108	0	34,108	9,334	0	9,334	15,804	21,768	0	0
13	Comarch LLC	-6,415	15	0	-6,430	-6,845	-39	14,102	0	14,102	5,963	0	5,963	7,687	7,278	0	0
14	OOO Comarch	11,836	140	585	11,111	1,280	11,586	8,770	4	8,766	9,604	0	9,604	20,605	33,711	0	0
15	Comarch Software Shanghai) Co. Ltd.	-201	597	0	-798	-608	0	491	0	491	208	0	208	290	205	0	0
16	nazwa Comarch Technologies Oy	239	198	0	41	121	-147	1,958	2	1,956	878	0	878	2,197	6,925	0	0
17	Comarch UK LTD	3,357	271	0	3,086	-10,304	13,621	36,470	9,095	27,375	19,966	0	19,966	39,827	46,278	0	0

COMARCH

SA-R 2019

18	Comarch Japan KK	1,923	490	0	1,433	-1,208	2,307	3,812	23	3,789	1,861	0	1,861	5,736	7,628	0	0
19	Comarch Chile SpA	10,991	920	0	-11,911	-9,999	-2,450	15,183	2,576	12,607	2,154	0	2,154	4,191	8,535	0	0
20	Comarch Software Spain S.L.U.	-382	4,641	0	-5,023	-6,641	1,979	23,490	8,664	14,826	12,354	5,487	6,867	23,107	20,556	0	0
21	Comarch Colombia S.A.S.	4,013	3,857	3	153	-858	1,150	4,784	230	4,554	5,495	0	5,495	8,798	7,758	0	0
22	Comarch Yazilim A.S.	1,347	825	0	522	-1,307	1,844	1,214	5	1,209	1,175	0	1,175	2,561	4,408	0	0
23	Comarch SRL	-2,361	3,820	0	-6,181	-5,407	-955	7,411	0	7,411	2,814	0	2,814	5,050	4,328	0	0
24	Comarch Malaysia SDN. BHD.	-4,740	517	0	-5,257	-4,208	-928	6,867	4,897	1,970	1,656	0	1,656	2,127	1,813	0	0
25	Comarch s.r.o.	538	487	0	51	-91	12	8	0	8	1	0	1	546	0	0	0
26	Comarch Pointshub Inc.	-1,142	32,910	0	-34,052	-6,982	23,564	5,632	5,630	2	0	0	0	4,490	0	0	0
27	Comarch AB	1,737	22	0	1,715	1,534	366	1,458	30	1,428	1,997	0	1,997	3,194	5,368	0	0
28	Comarch Argentina S.A.	-6,909	929	0	-7,838	-6,943	-5,711	11,422	41	11,381	2,678	0	2,678	4,514	1,881	0	0
29	Comarch Saudi Arabia Co.	-1,895	1,016	0	-2,911	-1,753	-1,090	2,251	646	1,605	295	0	295	355	4,424	0	0
30	Comarch Mexico S.A. de C.V.	-24	102	0	-126	-39	-81	588	0	588	19	0	19	565	0	0	0
31	Comarch Yuhan Hoesa	992	340	0	652	2,050	97	5,062	21	5,041	2,701	0	2,701	6,054	7,789	0	0

	(Comarch Ltd.)																	
32	Comarch (Thailand) Limited	-143	2,204	0	-2,347	-470	-1,948	3,908	1,703	2,205	2,912	0	2,912	3,765	2,030	0	0	
33	Comarch BV	36	872	0	-836	-151	-690	229	0	229	71	46	25	265	0	0	0	
34	Comarch Pty. Ltd.	250	270	0	-20	0	-16	2,379	532	1,847	237	0	237	2,630	0	0	0	
35	Comarch Technologie sp. z o.o.	13,998	50	1,646	12,302	10,123	1,941	1,103	23	1,080	2,454	0	2,454	15,102	7,841	0	0	
36	CA Consulting S.A.	19,258	1,050	14,025	4,183	-860	5,046	10,214	383	9,831	8,683	0	8,683	29,472	22,928	0	0	
37	Comarch Managemen Sp. z o.o	47	400	0	-353	-326	-27	3	0	3	12	0	12	50	0	0	0	
38	Comarch Corporate Finance FIZ	121,420	1,503	0	119,917	117,543	2,374	100	0	100	0	0	0	121,520	0	0	0	
39	Comarch Managemen Sp. z o.o. SK-A	163	170	6,634	-6,641	2,554	-38	13	0	13	16	0	16	176	0	0	0	
40	Bonus Managemen Sp. z o.o. SK-A	28,312	2,879	22,498	2,935	2,304	-706	4,277	104	4,173	13,150	2,500	10,650	32,588	168	0	0	
41	Bonus MANAGEME	1,433	800	1,601	-968	-890	-78	1,520	10	1,510	1,783	0	1,783	2,953	186	0	0	

	NT spółka z ograniczoną odpowiedzialnością Cracovia Pa SK-A																	
42	Bonus Developmen Sp. z o.o. SK-A	38,925	5,640	42,401	-9,116	-9,048	-79	35,798	31,715	4,083	356	0	356	74,723	7,251	0	0	
43	Bonus Managemen Sp. z o.o. II Activia SK-A	12,774	1,555	13,998	-2,779	-1,645	-1,134	1,969	13	1,956	3,646	0	3,646	14,743	1,099	0	0	
44	nazwa Bonus Developmen Sp. z o.o. II Koncept SK-A	10,040	101	8,832	1,107	755	351	174	6	168	3,280	0	3,280	10,214	991	0	0	
45	Comarch Healthcare S.A.	-27,885	12,115	109,124	-149,124	130,417	26,607	73,738	54,055	19,683	8,920	41	8,879	45,852	36,155	0	0	
46	Comarch Polska S.A.	-1,382	500	9,500	-11,382	-21,652	10,269	72,304	24,515	47,789	25,181	360	24,821	70,921	87,278	0	0	
47	Comarch Cloud S.A.	2,524	750	2,250	-476	-454	-22	22	1	21	222	0	222	2,547	0	0	0	
48	Comarch infrastruktura S.A.	7,366	575	575	6,216	5,874	342	1,216	15	1,201	2,684	0	2,684	8,582	4,020	0	0	
49	Comarch24 S.A.	4,469	500	2,000	1,969	591	1,378	585	4	581	874	0	874	5,054	3,289	0	0	
50	Geopolis sp. o.o.	-65	450	5,108	-5,623	-4,700	-923	788	0	788	561	26	535	723	48	0	0	

51	CASA Managemen and Consulting Sp. z o.o. SK-A	18,637	3,114	28,027	-12,504	-12,482	-22	22	0	22	210	0	210	18,660	0	0	0
52	Comarch Swiss AG	21,652	1,016	508	20,128	9,117	5,394	11,635	535	11,100	10,077	0	10,077	33,287	29,134	0	0
53	CAMS AG	244	343	0	-99	-117	-12	58	0	58	0	0	0	302	0	0	0
54	Opso Sp. z o.o.	526	205	0	321	294	27	21	0	21	64	0	64	547	2,473	0	0
55	MKS Cracovia S.A	54,629	21,840	22,728	10,061	-15,089	2,001	23,151	6,751	16,400	12,386	0	12,386	77,779	37,695	0	0
56	SoInteractive S.A.	-254	791	1,260	-2,305	-4,283	1,978	749	570	179	481	0	481	748	3,129	0	0
57	Metrum Capital S.A.	1,335	791	1,260	-716	-707	-9	25	0	25	8	0	8	9	0	0	0

Transactions with associates and personally related entities:

- purchases from personally related entities: PLN 4,380 thousand,
- sales to personally related entities: PLN 1,578 thousand,
- purchases from associates: PLN 534 thousand,
- sales to associates: PLN 79 thousand.

The note presents selected financial data from the reports of subsidiaries prepared for the purpose of the consolidated financial statement (according to the principles of IFRS).

Note 3 f

SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			157,037	145,051
b) in foreign currencies (by currencies and after conversion to PLN)			170,612	179,907
b1. in currency	in thou.	USD	98	4,697
after conversion to thousands of PLN			373	18,080
b2. in currency	in thou.	EUR	38,570	38,849
after conversion to thousands of PLN			166,542	160,685
other currencies in thousands of PLN			3,697	1,142
Total securities, shares and other non-current financial assets			327,649	324,958

Note 3 g

SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY DISPOSAL)	thousands of PLN	
	2019	2018
A. Total securities, shares and other non-current financial assets	327,649	324,958
a. shares (balance sheet value) – admitted do public trading	0	0
-opening balance value	0	0
-value according to the acquisition price	0	0
b. shares (balance sheet value)-other	195,503	194,982
-opening balance value	194,982	194,258
-revaluating corrections (for the period)	0	-150
-increase - purchase of shares	521	874
-value according to the acquisition price	263,289	263,289
-change of legal form	-37,114	0
-value according to the acquisition price	226,696	0
c. participation units	121,420	119,046
-opening balance value	2,374	-301
-value according to the acquisition price	119,046	119,347
-revaluating corrections (for the period)	1,563	1,563
d. shares in limited companies	7,987	9,995
-opening balance value	9,995	39,514
-revaluating corrections (for the period)	-7,845	-30,428
-increase in value – purchase of shares	5,837	909
-value according to the acquisition price	61,957	61,957
-change of legal form	37,114	0
-value according to the acquisition price	105,673	0
e. others-interest on non-current loans and valuation of futures contracts (balance sheet value)	2,739	935
-opening balance value	935	2,808
-revaluating corrections (for the period)	1,804	1,873
Total value according to the acquisition price	333,932	326,809
Total opening balance value	324,958	355,927
Total revaluating corrections (for the period)	257,512	261,179
Total balance sheet value	327,649	324,958

Note 3 h

GRANTED NON-CURRENT LOANS (BY CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			27,099	16,921
b) in foreign currencies (by currencies and after conversion to PLN)			9,695	1,639
b1. in currency	in thou.	EUR	2,000	250
after conversion to thousands of PLN			8,517	1,075
b2. in currency	in thou.	USD	170	150
after conversion to thousands of PLN			646	564
b3. other currencies to thousands of PLN			532	0
Total non-current loans			36,794	18,560

Note 3 i

OTHER NON-CURRENT INVESTMENTS (BY TYPES)	thousands of PLN	
	2019	2018
-works of art	43	43
Total other non-current investments	43	43

Note 3 j

CHANGES IN OTHER NON-CURRENT INVESTMENTS (BY TYPES)	thousands of PLN	
	2019	2018
a) opening balance	43	43
b) closing balance	43	43

Note 3 k

OTHER NON-CURRENT INVESTMENT (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			43	43
Total other non-current investment			43	43

Note 4 a

CHANGE IN DEFERRED INCOME TAX ASSETS	thousands of PLN	
	2019	2018
1. Opening balance of deferred income tax assets	6,204	5,816
2. Increases	228	388
a) referred into the financial result of the period	228	388
3. Decreases	350	0
a) referred into the financial result of the period	350	0
4. Closing balance of deferred income tax assets, including:	6,082	6,204
a) referred into the financial result	6,082	6,204

Note 4 b

OTHER PREPAYMENTS	thousands of PLN	
	2019	2018
a) prepayments of costs, including:	2,218	2,820
-non-current prepayments due to costs	2,218	2,820

Total other prepayments	2,218	2,820
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Note 5 a

INVENTORIES	thousands of PLN	
	2019	2018
a) materials	2,244	1,861
b) rough products and products in progress	58,951	56,925
c) finished goods	54	95
d) goods	1,293	2,302
e) advances for deliveries	209	252
Total inventories	62,751	61,435

Note 6 a

CURRENT RECEIVABLES	thousands of PLN	
	2019	2018
a) from related parties	254,508	227,173
-due to deliveries and services with payment period of:	254,035	226,713
-up to 12 months	254,035	226,713
-other	473	460
b) from other entities where the issuer holds interest in capital	50	151
-due to deliveries and services with payment period of:	50	151
c) from other entities	140,761	149,615
-due to deliveries and services with payment period of:	139,236	146,458
-up to 12 months	139,236	146,459
-over 12 months	0	0
-other, including:	1,525	3,157
-settlements with employees due to advances and loans	194	541
-deposits, securities, overpayments	213	335
-due subsidies	807	1,135
-other	311	1,146
Total net current receivables	395,319	376,939
d) write-offs revaluating receivables	40,325	25,341
Total gross current receivables	435,644	402,280

Note 6 b

CURRENT RECEIVABLES FROM RELATED PARTIES	thousands of PLN	
	2019	2018
a) due to deliveries and services, including:	254,035	226,713
-from subsidiaries	254,035	226,713
b) others, including:	473	460
-from subsidiaries	473	460
Total net current receivables from related parties	254,508	227,173
c) write-offs revaluating receivables from related parties	32,126	13,551
Total gross current receivables from related parties	286,634	240,724

Note 6 c

	thousands of PLN	

CURRENT RECEIVABLES FROM OTHER ENTITIES WHERE THE ISSUER HOLDS INTEREST IN CAPITAL	2019	2018
a) due to deliveries and services, including:	50	151
-from associated companies	50	151
Total net current receivables from other entities where the issuer holds interest in capital	50	151
b) write-offs revaluating receivables from other entities where the issuer holds interest in capital	0	1 024
Total gross current receivables from other entities where the issuer holds interest in capital	50	1 175

Note 6 d

CHANGE IN WRITE-OFFS THAT REVALUATE CURRENT RECEIVABLES	thousands of PLN	
	2019	2018
Opening balance	25,341	18,611
a) increases (due to)	19,075	15,043
-establishing write-offs for bad debts	19,075	15,043
b) decreases (due to)	4,091	8,313
-dissolution of write-offs for receivables	2,832	4,045
-using of write-offs for receivables - listing of outdated receivables	1,259	4,268
Closing balance of write-offs that revalue current receivables	40,325	25,341

Note 6 e

GROSS CURRENT RECEIVABLES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			145,817	149,020
b) in foreign currencies (by currencies and after conversion to PLN)			289,827	253,260
b1. in currency	in thou.	EUR	46,882	39,824
after conversion to thousands of PLN			199,702	171,237
b2. in currency	in thou.	USD	21,048	17,006
after conversion to thousands of PLN			79,861	63,915
b3. in currency	in thou.	CHF	1	1
after conversion to thousands of PLN			2	4
b4. in currency	in thou.	GBP	1,077	2,927
after conversion to thousands of PLN			5,384	14,021
other currencies in thousands of PLN			4,878	4,083
Total current receivables			435,644	402,280

Note 6 f

GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, WITH PAYMENT PERIOD OF THE BALANCE SHEET DATE:	thousands of PLN	
	2019	2018
a) less than 1 month	149,986	125,937
b) over 1 month and less than 3 months	44,745	48,666
c) over 3 month and less than 6 months	1,564	1,483
d) over 6 months and less than 1 year	457	95
e) over 1 year	0	0
f) outdated receivables	236,894	222,482
Total gross receivables due to deliveries and services	433,646	398,663

g) write-offs that revalue receivables due to deliveries and services	40,325	25,341
Total net receivables due to deliveries and services	393,321	373,322

Note 6 g

GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, OUTDATED, BY RECEIVABLES OUTSTANDING IN THE PERIOD:	thousands of PLN	
	2019	2018
a) less than 1 month	33,883	44,896
b) over 1 month and less than 3 months	43,187	46,344
c) over 3 month and less than 6 months	22,797	18,059
d) over 6 months and less than 1 year	25,783	44,986
e) over 1 year	111,244	68,197
Total gross receivables due to deliveries and services, outdated	236,894	222,482
f) write-offs that revalue receivables due to deliveries and services, outdated	40,325	25,341
Total net receivables due to deliveries and services, outdated	196,569	197,141

Note 7 a

Contested debts and outdated receivables (by titles) as at	31 st of December, 2019	31 st of December, 2018
a) contested receivables – comprised by revaluating write-offs:	1,077	1,388
b) gross outdated receivables:	236,894	222,482
- due to deliveries of finished goods and services:	236,894	222,482
Outdated receivables on which revaluating write-offs were not made:	196,569	197,141
Outdated receivables comprised by revaluating write-offs:	40,325	25,341
Including receivables that are prosecuted – comprised by revaluating write-offs:	1,990	1,491

File	Description

Note 8 a

CURRENT FINANCIAL ASSETS	thousands of PLN	
	2019	2018
a) in related parties	900	508
-granted loans	402	322
-other current financial assets	498	186
b) in other entities where the issuer holds interest in capital	0	0
-granted loans	0	0
-other current financial assets	0	0
c) in other entities	4,923	3,264
-interest and shares	0	0
-other current financial assets	4,923	3,264
-forward contracts	4,923	3,264
d) cash and cash equivalents	67,002	66,990
-cash in hand and at banks	67,001	66,989
-other monetary assets	1	1
Total current financial assets	72,825	70,762

Note 8 b

SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			4,923	3,264
Total securities, shares and other current financial assets			4,923	3,264

Note 8 c

SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (BY DISPOSAL)	thousands of PLN	
	2019	2018
A. Shares registered in regulated market (balance sheet value)	0	0
-market value	0	0
-value by acquisition price	0	0
B. Derivatives (balance sheet value)	4,923	3,264
-market value	4,923	3,264
Total balance sheet value	4,923	3,264

Note 8 d

GRANTED CURRENT LOANS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			402	322
b) in foreign currencies (by currencies and after conversion to PLN)			0	0
Other currencies in thousands of PLN		PLN	0	0
Total granted current loans			402	322

Note 8 e

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			34,987	59,117
b) in foreign currencies (by currencies and after conversion to PLN)			32,015	7,873
b1. in currency	in thou.	EUR	6,304	1,222
after conversion to thousands of PLN			26,847	5,256
b2. in currency	in thou.	USD	1,171	117
after conversion to thousands of PLN			4,449	441
b3. in currency	in thou.	GBP	111	423
after conversion to thousands of PLN			554	2,025
b4. in currency	in thou.	DKK	13	12
after conversion to thousands of PLN			7	7
b5. in currency	in thou.	CHF	8	13
after conversion to thousands of PLN			31	51
b6. in currency	in thou.	CAD	0	0
after conversion to thousands of PLN			0	0
other currencies in thousands of PLN			127	93
Total cash and cash equivalents			67,002	66,990

Note 9 a

CURRENT PREPAYMENTS	thousands of PLN	
	2019	2018
a) current prepayments of costs, including:	7,701	7,555
-costs related to the future sales	6,728	6,612
-property and motor insurance	973	943
-other	0	0
b) other prepayments, including:	120,697	82,126
-prepayments due to revenues from non-current contracts	120,697	82,126
Total current prepayments	128,398	89,681

Note 10 a

SHARE CAPITAL (STRUCTURE)								
in thousands of PLN								
Series/ issue	Type of shares	Type of shares preferenc e	Type of limitation of rights to shares	Number of shares	Value of series/ issue by nominal value	Capital covering	Registration date	Right to dividend (from)
A	Registered preference	vote 5:1	not limited	864,800	865	transformation of limited company	1994-12-20	1994-12-20
A	ordinary bearer shares		not limited	75,200	75	transformation of limited company	1994-12-20	1994-12-20
B	Registered preference	vote 5:1	not limited	883,600	884	cash	1995-03-24	1994-12-20
B	ordinary bearer shares		not limited	56,400	56	cash	1995-03-24	1994-12-20
C	ordinary bearer shares		not limited	3,008,000	3,008	cash	1997-06-20	1996-11-01
D	ordinary bearer shares		not limited	1,200,000	1,200	cash	1999-03-01	1997-11-01
E	ordinary bearer shares		not limited	638,600	638	cash	2000-03-08	1999-01-01
G	ordinary bearer shares		not limited	125,787	126	cash	2004-06-29	2004-01-01
G3	ordinary bearer shares		not limited	102,708	103	cash	2005-06-23	2005-01-01

H	ordinary bearer shares		not limited	543,025	543	conversion of convertible bonds into shares	2006-03-20	2006-01-01
H	ordinary bearer shares		not limited	20,650	21	conversion of convertible bonds into shares	2006-03-31	2006-01-01
I2	ordinary bearer shares		not limited	441,826	442	execution of managerial option programme	2007-04-20	2007-01-01
J2	ordinary bearer shares		not limited	91,041	91	execution of managerial option programme	2010-03-31	2010-01-01
K3	ordinary bearer shares		not limited	73,953	74	execution of managerial option programme	2014-03-31	2013-01-01
L1	ordinary bearer shares		not limited	7,759	8	execution of managerial option programme	2015-05-14	2014-01-01
Total number of shares				8,133,349				
Total share capital					8,133			
Nominal value of one share (PLN)		1.00						

I. Shareholders holding directly or indirectly by subsidiary entities at least 5% of the total number of votes in the general meeting of Comarch S.A.

As at 31st of December, 2019, shareholders holding directly or indirectly by subsidiary entities at least 5% of the total number of votes in the general meeting of Comarch S.A. were:

-Janusz Filipiak held 1,997,027 shares (24.55% of the company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;

-Elżbieta Filipiak held 1,181,926 shares (14.53% of the company's share capital), which gave her 4,565,926 votes at the AGM and constituted 30.18% 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%).

AFTER THE BALANCE SHEET DATE:

On 27th of January, 2020, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities notifications about transactions referred to in art. 19 para. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.

As a consequence, as at the date of publication of this report, shareholders holding directly or indirectly by subsidiary entities at least 5% of the total number of votes in the general meeting of Comarch S.A. were:

-Janusz Filipiak held 1,997,027 shares (24.55% of the company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;

-Elżbieta Filipiak held 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%).

Note 11 a

SUPPLEMENTARY CAPITAL	thousands of PLN	
	2019	2018
a) from sales of shares above par	84,448	84,448
b) created according to the law	2,711	2,711
c) created according to the statute/agreement, above the (minimal) value that is required by law	630,791	593,342
Total supplementary capital	717,950	680,501

Note 12 a

REVALUATION RESERVE	thousands of PLN	
	2019	2018
a) opening balance of revaluation of reserve	95,162	95,405
b) increases	2,374	57
-balance-sheet valuation of investment certificates	2,374	0
-provision for deferred tax due to certificates valuation	0	57
c) decreases	451	300
-provision for deferred tax due to certificates valuation	451	0
-balance-sheet valuation of investment certificates	0	300
Total revaluation reserve	97,085	95,162

Note 13 a

OTHER RESERVE CAPITALS (BY PURPOSES)	thousands of PLN	
	2019	2018
-investment capital	79	79
-supplementary capital for covering the tax liabilities	666	666
Total reserve capitals	745	745

Note 14 a

CHANGES IN PROVISION DUE TO DEFERRED INCOME TAX	thousands of PLN	
	2019	2018

1. Opening balance of provision due to deferred income tax	23,732	25,255
2. Increases	1,098	14
-referred into the financial result of the period due to positive temporary differences	451	14
-reference to the financial result for the period due to positive temporary differences	647	
3. Decreases	44	1,537
-referred into revaluation reserve due to CCF FIZ investment certificates valuation	0	57
-referred into the financial result	44	1,480
4. Closing balance of provision due to deferred income tax	24,786	23,732
-referred into the financial result	2,013	1,410
-referred into the equity	22,773	22,322

Note 14 b

CHANGES IN OTHER CURRENT PROVISIONS (BY TITLES)	thousands of PLN	
	2019	2018
a) opening balance	120,577	97,446
b) increases (due to)	125,402	115,908
-creating provisions due to contractual penalties and recoveries related to delays in contract execution and withdrawal from the contracts	2,181	15,503
-provisions for leaves	17,310	12,772
-provisions for contracts costs	8,899	10,947
-provisions for rewards	97,012	76,686
c) decreases	110,033	92,777
-dissolving provisions for leaves	13,958	12,944
-dissolving provisions for contractual penalties due to no reasons for creating them	15,848	3,473
-provisions for contracts costs	6,945	8,773
-provisions for rewards	73,282	67,587
-other provisions	0	0
c) closing balance	135,946	120,577

Note 15 a

NON-CURRENT LIABILITIES	thousands of PLN	
	2019	2018
a) to related parties, including:	19,539	28,240
aa) to subsidiaries	19,539	28,240
-other (by types)	19,539	28,240
-liabilities due to lease	0	0
-received loans	19,539	28,240
b) to other entities where the issuer holds interest in capital	0	0
c) to other entities	101,407	124,103
-credits and loans	99,388	122,939
-other	2,019	1,164
Total non-current liabilities	120,946	152,343

Note 15 b

NON-CURRENT LIABILITIES WITH PAYMENT PERIOD (FROM THE BALANCE SHEET DATE)	thousands of PLN	
	2019	2018
a) over 1 year up to 3 years	70,540	61,517
b) over 3 years up to 5 years	29,055	54,146
c) over 5 years	21,351	36,680
Total non-current liabilities	120,946	152,343

Note 15 c

NON-CURRENT LIABILITIES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			17,483	20,147
b) in in foreign currencies (by currencies and after conversion to PLN)			103,463	132,196
b1. in currency	in thou.	EUR	24,296	30,743
after conversion to thousands of PLN			103,463	132,196
Total non-current liabilities			120,946	152,343

Note 15 d

Note 15d NON-CURRENT LIABILITIES DUE TO CREDITS AND LOANS													
thousands of PLN													
Name of entity (company) including legal form	office in	Value of credit / loan according to a contract				Value of credit / loans to be paid				Interest Rate	Maturity date	Hedges	Other
		in thousands of PLN	in currency	unit	currency	in thousands of PLN	in currency	unit	currency				
BGŻ BNP Paribas Bank Polska S.A.	Warsaw	44,000		thou	PLN	9,832	2,309	thou	EUR	EURIBOR1M+0,95% ; IRS a the level of 0.77% till 29.07.2024	29.07.2024	A promissory note, the mortgage on land in the amount of PLN 53,815 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ4 building; in October, 2011 there was a currency change in this credit
PKO Bank Polski SA	Warsaw	17,396	4,126	thou	EUR	1,647	387	thou	EUR	EURIBOR1M+1.2%	29.09.2021	the mortgage on land in the amount of EUR 6,189 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ5 building
Santander Bank Polska S.A (formerly Bank Zachodni WBK S.A.)	Warsaw	30,925	7,400	thou	EUR	0	0	thou	EUR	EURIBOR1M+1.3%; IRS at the level of 0.354% till 28.06.2019	31.12.2020	The mortgage in the amount of EUR 11,100 thousand, assignment of policy insurance, declaration of submission to enforcement	related to SEZ3 building

PEKAO SA	Warsaw	56,000	13,323	thou	EUR	20,654	4,850	thou	EUR	EURIBOR1M+1.4%; IRS at the level of 0.2% till 30.11.2023	30.11.2023	contractual mortgage up to PLN 84,000, assignment of rights under the property insurance contract, assignment of rights under the guarantee proper performance and warranty guarantee, statement about submission to execution	related to SEZ6 building
Bank Handlowy w Warszawie SA	Warsaw	58,144	13,333	thou	EUR	48,289	11,340	thou	EUR	EURIBOR1M+1.32% ; IRS at the level of 0.385% till 29.02.2028	29.02.2028	contractual mortgage in the amount of EUR 16 666 thousand, assignment of rights under the property insurance contract, declaration on submission to enforcement	related to SEZ7 building
Bank Handlowy w Warszawie SA	Warsaw	10,938	2,508	thou	EUR	0	0	thou	EUR	EURIBOR1M+1.32% ; IRS at the level of -0.265% till 30.09.2019.	30.09.2019	declaration of submission to enforcement	long-term non- renewable loan for financing business operations

DNB Bank Polska SA	Warsaw	10,854	2,531	thou	EUR	4,472	1,050	thou	EUR	EURIBOR1M+1.25%	30.12.2023	registered pledge on devices subject to financing, assignment of rights under the equipment insurance contract, declaration on submission to enforcement	relates to fixed assets - equipment of the Internet of Things Laboratory in Krakow
CaixaBank S.A. Oddział w Polsce	Warsaw	14,980	3,500	thou	EUR	10,930	2,567	thou	EUR	EURIBOR1M+0.70%	23.08.2023	declaration of submission to enforcement	relates to the Comarch infrastructure modernization program
IBM Global Financing Polska Sp. z o.o.	Warsaw	12,980	12,980	thou	PLN	2,371	2,371	thou	PLN	Fixed interest	01.03.2022	none	relates to purchase of IT products in relation to IT project realised by the Comarch Group
IBM Global Financing Polska Sp. z o.o.	Warsaw	17,691	17,691	thou	PLN	0	0	thou	PLN	Fixed interest	31.01.2019		

IBM Global Financing Polska Sp. z o o.	Warsaw	1,474	1,474	thou	PLN	0	0	thou	PLN	Fixed interest	01.07.2019	
IBM Global Financing Polska Sp. z o o.	Warsaw	3,139	3,139	thou	PLN	1,193	1,193	thou	PLN	Fixed interest	01.05.2022	
IBM Global Financing Polska Sp. z o o.	Warsaw	999	999	thou	PLN	0	0	thou	PLN	Fixed interest	01.12.2019	

At the balance sheet date, long-term part of credit to be paid is worth PLN 99,388 thousand.
The above long-term liabilities due to loans include only liabilities from other entities.

Note 16 a

CURRENT LIABILITIES	thousands of PLN	
	2019	2018
a) to related parties, including:	29,077	28,541
aa) to subsidiaries	29,077	28,541
-due to deliveries and services with payment period of:	25,488	15,048
-up to 12 months	25,488	15,048
-other (by types)	3,589	13,493
-loans received	0	9,460
-liabilities due to lease	11	16
-investment liabilities	67	56
-liabilities due to payments for capital	3,380	3,346
-other	131	615
b) to other entities where the issuer holds interest in capital	0	0
c) to other entities	130,657	127,135
-credits and loans	31,929	30,254
-other financial liabilities	0	479
-due to deliveries and services with payment period of:	31,272	35,600
-up to 12 months	31,272	35,600
-over 12 months	0	0
-advances for received deliveries	42	160
-due to taxes, customs, insurance and other benefits	37,529	32,459
-due to remuneration	27,040	24,687
-other (by titles)	2,845	3,496
-investment liabilities	1,092	2,459
-liabilities to employees	718	586
-other	1,035	451
d) special funds (by types)	1,208	1,413
-Social Services Fund and Residential Fund	1,208	1,413
Total current liabilities	160,942	157,089

Note 16 b

CURRENT LIABILITIES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2019	2018
a) in polish currency			110,057	111,319
b) in foreign currencies (by currencies and after conversion to PLN)			50,885	45,770
b1. in currency	in thou.	EUR	11,349	10,130
after conversion to thousands of PLN			48,331	43,547
b2. in currency	in thou.	USD	518	550
after conversion to thousands of PLN			1,969	2,067
b3. in currency	in thou.	GBP	39	13
after conversion to thousands of PLN			193	64
b4. in currency	in thou.	CHF	1	2
after conversion to thousands of PLN			5	8
Other currencies in thousands of PLN			387	84
Total current liabilities			160,942	157,089

Note 16 c

Note 16c CURRENT LIABILITIES DUE TO CREDITS AND LOANS													
thousands of PLN													
Name of entity (company) including legal form	Seat	Value of credit / loan according to a contract				Value of credit / loans to be paid				Interest rate	Maturity date	Hedges	Other
		in thousands of PLN	in currency	unit	currency	in thousands of PLN	in currency	unit	currency				
BGŻ BNP Paribas Bank Polska S.A.	Warsaw	44,000		thou	PLN	2,600	610	thou	EUR	EURIBOR1M+0.95%; IRS at 0.77% till 29-07-2024	29-07-2024	promissory note, the mortgage on land in the amount of EUR 53,815 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ4 building, in October, 2011 there was a currency change in this credit
PKO Bank Polski S.A.	Warsaw	17,396	4,126	thou	EUR	2,193	515	thou	EUR	EURIBOR1M+1.2%	29-09-2021	the mortgage on land in the amount of EUR 6,189 thousand, the building insurance policy and declaration of submission to enforcement	related to SEZ5 building
Santander Bank Polska S.A. (formerly BZ WBK)	Warsaw	30,925	7,400	thou	EUR	4,057	953	thou	EUR	EURIBOR1M+1.3% IRS at 0.354% till 28-06-2019	31-12-2020	the mortgage on land in the amount of EUR 11,100 thousand and assignment of the insurance policy	related to SEZ3 building

PEKAO SA	Warsaw	56,000	13,323	thou	EUR	7,057	1,657	thou	EUR	EURIBOR1M+1.4%; IRS at 0.2% till 30-11-2023	30-11-2023	Contractual mortgage to the amount of PLN 84,000 thousand PLN, assignment of rights from property insurance agreement, assignment of performance bonds and warranties and declaration of submission to enforcement	related to SEZ6 building
Bank Handlowy w Warszawie SA	Warsaw	58,144	13,333	thou	EUR	6,729	1,580	thou	EUR	EURIBOR1M+1.32%; IRS at 0.385% till 29-02-2028	29-02-2028	Contractual mortgage to the amount of EUR 16,666 thousand, Comarch's declaration of submission to enforcement assignment of rights from property insurance agreement.	related to SEZ7 building
Bank Handlowy w Warszawie SA	Warsaw	10,938	2,508	thou	EUR	0	0	thou	EUR	EURIBOR1M+1.32%; IRS at minus 0.265% till 30-09-2019.	30-09-2019	Comarch's declaration of submission to enforcement	financing of the current business activities

DNB Bank Polska SA	Warsaw	10,854	2,531	thou	EUR	1,489	350	thou	EUR	EURIBOR1M+1.25%	30-12-2023	Registered pledge on equipment being the subject of financing, assignment of rights from equipment insurance agreement and declaration of submission to enforcement	related to IoT Lab's equipment
CaixaBank S.A. Oddział w Polsce	Warsaw	14,980	3,500	thou	EUR	3,969	932	thou	EUR	EURIBOR1M+0,70%	2023-08-23	Comarch's declaration of submission to enforcement	relates to the Comarch infrastructure modernization program
IBM Global Financing Polska sp. z o.o.	Warsaw	12,980	12,980	thou	PLN	2,479	2,479	thou	PLN	fixed interest rate	01-03-2022	-	related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group
IBM Global Financing Polska sp. z o.o.	Warsaw	17,691	17,691	thou		0	0	thou	PLN	fixed interest rate	31-01-2019		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group

IBM Global Financing Polska sp. z o.o.	Warsaw	1,474	1,474	thou		0	0	thou	PLN	fixed interest rate	01-07-2019		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group
IBM Global Financing Polska sp. z o.o.	Warsaw	3,139	3,139	thou		751	751	thou	PLN	fixed interest rate	01-05-2022		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group
IBM Global Financing Polska sp. z o.o.	Warsaw	999	999	thou		0	0	thou	PLN	fixed interest rate	01-12-2019		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group

At the balance sheet date short-term part of credit to be paid is worth PLN 31,929 thousand (balance sheet valuation of interests is not included).
The above short-term liabilities due to loans include only liabilities from other entities.

Note 17 a

OTHER ACCRUALS	thousands of PLN	
	2019	2018
a) costs related to the current period that will be incurred in future	1,229	1,018
b) accruals of revenues	69,656	45,952
-current (by titles)	69,656	45,952
-subsidies received	2,114	2,573
-accruals due to long-term contracts	67,542	43,379
Total other accruals	70,885	46,970

Note 18 a

Book value per single share in column "2019" is equal to book value (equity) divided by number of shares as at 31st of December, 2019.
 Book value per single share in column "2018" is equal to book value (equity) divided by number of shares as at 31st of December, 2019.
 Diluted book value per single share in column "2019" is equal to book value (equity) divided by number of shares as at 31st of December, 2019, pursuant to IAS 33.
 Diluted book value per single share in column "2018" is equal to book value (equity) divided by diluted number of shares as at 31st of December, 2018, pursuant to IAS 33.
 Pursuant to IAS 33 in calculation of diluted profit per single share (diluted book value per single share) ordinary shares should be regarded as diluting if and only if their conversion to ordinary shares would reduce net profit (book value).

File	Description

OFF-BALANCE ITEMS COMMENTARY NOTES**Note 19 a**

CONTINGENT LIABILITIES (DUE TO)	thousands of PLN	
	2019	2018
a) granted bank guarantees and suretyships	51,078	55,390
-to related parties, including:	51,078	55,390
-to subsidiaries	51,078	55,390
Total contingent liabilities to related parties	51,078	55,390

Should be indicated contingent liabilities secured on the assets of the issuer / related parties / other entities where the issuer holds interest in capital / partner of a co-related party / significant investor (indicating the type of collateral).

INCOME STATEMENT COMMENTARY NOTES**Note 20 a**

NET REVENUES FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousands of PLN	
	2019	2018
-sales of IT services	678,986	632,049
-from related parties, including:	276,801	242,167
-from subsidiaries	276,801	242,167
-from other entities where the issuer holds interest in capital	40	1
-from associated companies	40	1
-sales of proprietary software and licences	187,475	203,323

-including: from related parties	32,746	86,770
-sales of finished goods	11,326	33,337
-including: from related parties	3,587	32,423
-including: from other entities where the issuer holds interest in capital	0	0
-other sales	5,971	5,800
-including: from related parties	3,547	3,443
-including: from other entities where the issuer holds interest in capital	0	225
Total net revenues from sales of products	883,758	874,509
-from related parties, including:	316,681	364,803
-from subsidiaries	316,681	364,803
-from other entities where the issuer holds interest in capital	40	226
-from associated companies	40	226

Note 20 b

NET REVENUES FROM SALES OF PRODUCTS (GEOGRAPHICAL STRUCTURE)	thousands of PLN	
	2019	2018
a) domestic	467,750	452,528
-from related parties, including:	64,116	79,195
-from subsidiaries	64,116	79,195
-from other entities where the issuer holds interest in capital	40	218
-from associated companies	40	218
b) export	416,008	421,981
-from related parties, including:	252,565	285,608
-from subsidiaries	252,565	285,608
-from other entities where the issuer holds interest in capital	0	8
-from associated companies	0	8
Total net revenues from sales of products	883,758	874,509
-from related parties, including:	316,681	364,803
-from subsidiaries	316,681	364,803
-from other entities where the issuer holds interest in capital	40	226
-from associated companies	40	226

Note 21 a

NET REVENUES FROM SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE- TYPES OF ACTIVITIES)	thousands of PLN	
	2019	2018
-computer hardware	15,080	44,189
-from related parties, including:	6,570	38,353
-from subsidiaries	6,570	38,353
-from other entities where the issuer holds interest in capital	0	0
-proprietary software and licences	27,954	14,850
-including: from related parties	1,373	5,294
-including: from other entities where the issuer holds interest in capital	0	0
-other	24,906	32,552
-including: from related parties	1,748	10,755
-including: from other entities where the issuer holds interest in capital	0	0
Total net revenues from sales of goods and materials	67,940	91,591

-from related parties, including:	9,691	54,402
-from subsidiaries	9,691	54,402
-from other entities where the issuer holds interest in capital	0	0

Note 21 b

NET REVENUES FROM SALES OF GOODS AND MATERIALS (GEOGRAPHIC STRUCTURE)	thousands of PLN	
	2019	2018
a) domestic	63,520	84,738
-from related parties, including:	5,916	47,834
-from subsidiaries	5,916	47,834
-from other entities where the issuer holds interest in capital	0	0
b) export	4,420	6,853
-from related parties, including:	3,775	6,568
-from subsidiaries	3,775	6,568
-from other entities where the issuer holds interest in capital	0	0
Total net revenues from sales of goods and materials	67,940	91,591
-from related parties, including:	9,691	54,402
-from subsidiaries	9,691	54,402
-from other entities where the issuer holds interest in capital	0	0

Note 22 a

COSTS BY TYPES	thousands of PLN	
	2019	2018
a) depreciation	44,622	43,436
b) consumption of materials and energy	20,016	23,936
c) third party services	157,663	156,545
d) taxes and charges	7,851	7,132
e) remuneration	481,677	421,606
f) social insurance and other benefits	86,016	75,811
g) other (by types)	30,150	28,651
Total costs by types	827,995	757,117
Change in inventories, products and prepayments	19,897	5,349
Costs of sales (negative value)	-74,033	-73,067
Administrative costs (negative value)	-74,952	-55,517
Manufacturing costs of products sold	698,907	633,882

Note 23 a

OTHER OPERATING REVENUES	thousands of PLN	
	2019	2018
a) provision dissolution (due to)	12,347	108
-write-offs that reevaluate materials and finished goods	31	108
-for penalties, damages	12,316	0
b) other, including:	1,306	1,177
-recovered communication damages	67	156
-expired liabilities	113	151
-refund of VAT which paid abroad	195	134
-received contractual penalties, compensation	287	138
-remuneration of taxpayer, refunds from Social Securities Institution	136	114

-cancelled training contracts	52	57
-money bonus	167	96
-other	289	331
Total operating revenues	13,653	1,285

Note 24 a

OTHER OPERATING COSTS	thousands of PLN	
	2019	2018
a) other, including:	21,922	30,959
-membership fees	670	953
-donations	57	97
-paid penalties and damages, provisions for penalties, damages and claims	886	15,179
-dissolving the receivables	2,560	0
-costs of projects that are in part financed with subsidies	1,912	2,257
-social costs	155	94
-creating-dissolving the write-offs revaluating receivables	15,130	11,037
-real estate maintenance costs	0	1,303
-other	552	39
Total operating costs	21,922	30,959

Note 25 a

FINANCIAL REVENUES DUE TO DIVIDENDS AND SHARES IN PROFITS	thousands of PLN	
	2019	2018
a) dividends from related parties, including	37,140	3,070
-dividends from subsidiaries:	37,140	3,070
Total financial revenues due to dividends and shares in profits	37,140	3,070

Note 25 b

FINANCIAL REVENUES DUE TO INTEREST	thousands of PLN	
	2019	2018
a) due to granted loans	943	334
-from related parties, including:	943	333
-from subsidiaries	943	333
-from other entities where the issuer holds interest in capital	0	1
-from associated companies	0	1
b) other interest	458	157
-from other parties, including:	458	157
Total financing revenues due to interest	1,401	491

Note 25 c

OTHER FINANCING REVENUES	thousands of PLN	
	2019	2018
a) other, including:	3,520	799
-exchange differences	433	799
-forward valuation	3,087	0
-other	0	0
Total financing revenues	3,520	799

Note 26 a

FINANCING COSTS DUE TO INTEREST	thousands of PLN	
	2019	2018
a) other interest	3,193	3,631
-from related parties, including:		
-from subsidiaries	722	675
-from other parties, including:		
-from other parties	2,471	2,956
Total financing costs due to interest	3,193	3,631

Note 26 b

OTHER FINANCING COSTS	thousands of PLN	
	2019	2018
a) other, including:	500	8,702
-commissions on guarantees	393	367
-valuation of financial instruments	0	7,572
- exchange differences	0	0
-other	107	763
Total other financing costs	500	8,702

Note 27 a

CURRENT INCOME TAX	thousands of PLN	
	2019	2018
1. Gross profit (loss)	67,397	57,075
2. Permanent differences between gross profit (loss) and basis of taxation for income tax	19,207	78,024
3. Temporary differences between gross profit (loss) and basis of taxation for income tax	4,907	-5,921
4. Other differences between gross profit (loss) and basis of taxation for income tax, including:		
-income exempt due to activities in Special Economic Zone	-44,233	-78,710
5. Basis of taxation for income tax	47,600	48,842
6. Income tax at the rate of 19% in Poland and 10% in Albany	9,044	9,280
7. Income tax recognised in income statement	9,770	7,426
-presented in tax declaration (current tax to be paid)	9,044	9,280
-deferred tax	726	-1,854

Note 27 b

DEFERRED INCOME TAX RECOGNISED IN INCOME STATEMENT:	thousands of PLN	
	2019	2018
-deferred income tax due to temporary differences	726	-1,854
Total deferred income tax	726	-1,854

Note 28 a

On the 26th of June, 2019, General Meeting approved the resolution no. 9 regarding the distribution of net profit for the fiscal year 1.01.2018 - 31.12.2018. The net profit in the amount of PLN (in 49,

649,395.86 (writing: forty-nine million six hundred and forty-nine thousand three hundred and ninety-five zlotys and 86/100) will be divided as follows:

1. PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders at the 5th of July, 2019, will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. According to the Resolution dividend will be paid on the 15th of July, 2019.

2. The remaining part of the net profit in the amount of PLN 37,449,372.36 (thirty-seven million four hundred forty-nine thousand three hundred seventy-two zlotys and 36/100) is passed to supplementary capital.

Comarch S.A.'s Management Board has not made a decision until publication date of this report concerning a proposed profit-sharing for 2019.

File	Description

Note 29 a

Net profit per single share in column "2019" is equal to net profit for the period from 1st of January, 2019 to 31st of December, 2019, divided by weighted average number of shares between 1st of January, 2019 and 31st of December, 2019, where number of days is the weight.

Net profit per single share in column "2018" is equal to net profit for the period from 1st of January, 2018 to 31st of December, 2018, divided by weighted average number of shares between 1st of January, 2018 and 31st of December, 2018, where number of days is the weight.

Diluted net profit per single share in column "2019" is equal to net profit for the period from 1st of January, 2019 to 31st of December, 2019 divided by weighted average number of shares between 1st of January, 2019 and 31st of December, 2019 that was calculated according to IAS 33.

Diluted net profit per single share in column "2018" is equal to net profit for the period from 1st of January, 2018 to 31st of December, 2018 divided by weighted average number of shares between 1st of January, 2018 and 31st of December, 2018 that was calculated according to IAS 33. Pursuant to IAS 33, in calculation of diluted profit per single share (diluted book value per single share) ordinary shares should be regarded as diluting if and only if their conversion to ordinary shares would reduce net profit (book value).

File	Description

CASH FLOW COMMENTARY NOTES

File	Description
SAR 2018 Cash flow commentary notes	Cash flow commentary notes

CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)	in thousands of PLN	
	2019	2018
I. Net profit (loss)	57,627	49,649
II. Total adjustments	3,331	33,168
1. Depreciation	44,622	43,436

2. Exchange gains (losses)	83	-227
3. Interest and shares in profits (dividends)	-34,700	205
4. Profit (loss) on investing activities	5,710	31,582
5. Change in provisions	15,971	20,110
6. Change in inventories	-1,567	16,937
7. Change in receivables	-26,065	-63,367
8. Change in current liabilities, excluding credits and loans	13,355	363
9. Change in prepayments and accruals	-14,078	-15,871
III. Net cash used in operating activities (I+/-II)	60,958	82,817

B. ADDITIONAL COMMENTARY NOTES

File	Description
SAR 2018 Additional commentary notes	Additional commentary notes

SIGNATURES

SIGNATURES OF ALL MEMBERS OF THE BOARD			
Date	Name and surname	Position	Signature
2019-04-29	Janusz Filipiak	President of the Management Board	
2019-04-29	Paweł Prokop	Vice-president of the Management Board	
2019-04-29	Andrzej Przewięźlikowski	Vice-president of the Management Board	
2019-04-29	Zbigniew Rymarczyk	Vice-president of the Management Board	
2019-04-29	Konrad Tarański	Vice-president of the Management Board	
2019-04-29	Marcin Warwas	Vice-president of the Management Board	
SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS			
Date	Name and surname	Position	Signature
2019-04-29	Maria Smolińska	Head Accountant	

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

File	Description
SAR 2019 Report of the Management Board.pdf	Report of the Management Board

REPORT REGARDING THE CORPORATE GOVERNANCE

File	Description
SAR 2019 Report regarding the Corporate Governance.pdf	Report regarding the Corporate Governance

REPORT REGARDING THE NON-FINANCIAL INFORMATION

File	Description
SAR 2019 Report regarding the Non-financial information.pdf	Report regarding the Non-financial information

THE SUPERVISORY BOARD'S ASSESSMENT REGARDING REPORT ON ACTIVITIES AND FINANCIAL STATEMENT

File	Description
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SAR 2019 The Supervisory Board's assessment regarding report on activities and financial statement.pdf	The Supervisory Board's assessment regarding report on activities and financial statement
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In this report, the following notes have not been filed in:

Property, plant and equipment in use recognised off-balance sheet

Non-current receivables, Change in non-current receivables (by titles), Change in write-offs

revaluating non-current receivables

Non-current receivables (currency structure)

Change in intangibles (by types), Interest or shares in related units that are valued by equity method, including:

Change in goodwill-subsiaries, Change in goodwill-co subsidiaries, Change in goodwill-associates,

Change in negative goodwill-subsiaries, Change in negative goodwill- co subsidiaries, Change in negative goodwill-associates, Interest or shares in other entities

Current receivables from other entities

Other current investment (by types), Other current investment (currency structure)

Proprietary shares (interest), Shares (interest) of issuer that are propriety of related parties

Revaluating write-offs

Write-offs from net profit during financial year (due to)

Change in non-current provision for retirement pension and similar (due to), Change in current

provision for retirement pension and similar (due to), Change in other non-current provisions (due to)

Non-current liabilities due to issued debts

Current liabilities due to issued debts

Change in negative goodwill

Contingent receivables (due to)

Share in net profits (losses) of related parties that are valued by equity method

Profit (loss) on sales of entirety or part of shares of related parties

Total amount of deferred tax, Income tax recognised in income statement related

Other obligatory decreases in profit (increases in losses), due to:

CASH FLOW COMMENTARY NOTES, SA-R 2019 COMARCH S.A. ANNUAL REPORT

Note 30
CASH STRUCTURE (CURRENT YEAR)

	31 December 2019	31 December 2018	Change
Cash in hand	621	592	29
Cash in banks	66,380	66,397	-17
<i>-including cash on VAT accounts</i>	<i>2,291</i>	<i>563</i>	<i>1,728</i>
Total	67,001	66,989	12
<i>-including exchange differences</i>	<i>783</i>	<i>299</i>	<i>484</i>

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

Operating activities

Pos. A II 1 Depreciation	2019	2018
Depreciation of intangible assets	6,526	5,935
Depreciation of property, plant and equipment	36,988	35,537
Depreciation of investment real estates	1,108	1,964
Total	44,622	43,436

Pos. A II 3	2019	2018
Paid-out interest on credits	2,138	2,515
Received and paid interest on loans	302	760
Received dividend	-37,140	-3070
Total	-34 700	205

Pos. A II 4	2019	2018
Revenues from sales of property, plant and equipment	-3,572	-5,317
Cost of sold and decommissioned property, plant and equipment	2,965	5,084
Subsidies received	-1,528	-
Non-returnable payments to capital	-	680
Revaluation of investments	-	309
Revaluation of shares	7,845	30,826
Total	5,710	31,582

Pos. A II 7	2019	2018
Change in trade receivables	-42,527	-81,461
Change in other receivables	-	132
Investment receivables	-690	381
Advances transferred for investments	2,007	-
Granted loans	20,307	15,996
Paid loans (granted)	1,968	1,095
Derivative instruments	-7,130	490
Total	-26,065	-63,367

Pos. A II 8	2019	2018
Change in current liabilities excluding loans, credits and other financial liabilities	-5,320	1,093
Change in investment liabilities	1,355	10,262
Change in financial liabilities	17,559	-10,558
Change in liabilities (unpaid shares)	-34	-248
Change in Social Services Fund	-205	-186
Total	13,355	363

Pos. A II 9	2019	2018
Change in prepayments	-38,116	-46,422
Change in accruals	23,915	30,940
Change in tax asset	123	-389
Subsidies received for non-current assets	-	-
Subsidies received for costs	-	-
Total	-14,078	-15,871

Investment activities

Inflows

Pos. B I 1	2019	2018
Revenues from sales of property, plant and equipment	3,572	5,317
Investment receivables	690	-540
Total	4,262	4,777

Pos. B I 2	2019	2018
Dividends and share in profits	37,140	3,070
Repaid loans	1,968	112
Received loans	-	-
Interest on loans	630	322
Other inflows	3,354	6,484
Total	43,092	9,988

Outflows

Pos. B II 1 and 2	2019	2018
Purchase of intangible assets and property, plant and equipment and real estates	-25,049	-44,369
Change of investment liabilities	-1,355	-10,263
Change of investment receivables	-2,007	159
Subsidies received for non-current assets	-	-309
Inflows from subsidies	-	-
Change in investment liabilities	-28,411	-54,782

Pos. B II 3a	2019	2018
Purchase of financial assets	-6,324	-2,031
Change of investment liabilities	-	248
Granted and paid non-current loans and interests from related parties	-20,284	-15,642
Total	-26,608	-17,425

ADDITIONAL COMMENTARY NOTES SA-R 2019 COMARCH S.A. ANNUAL REPORT

Note 32

FINANCIAL INSTRUMENTS

a) Changes in Financial Instruments (by categories)

Changes in particular categories of financial assets (excluding cash and cash equivalents) from 1st of January, 2019 to 31st of December, 2019, were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans	Financial liabilities
1 January 2019	4,199	0	18,881	196,354
+ increases	7,662	-	21,443	13,374
- decreases	-4,199	-	3,128	53,357
31 December 2019	7,662	0	37,196	156,371

Balance sheet approach

Non-current financial assets	2739	-	36,794	-
in related parties	-	-	36,794	-
in other entities	2739	-	-	-
Current financial assets	4,923	-	402	-
in related parties	-	-	402	-
in other entities	4,923	-	-	-
Current financial liabilities	-	-	-	35,425
in related parties	-	-	-	3,495
in other entities	-	-	-	31,930
Non-current financial liabilities	-	-	-	120,946
in related parties	-	-	-	19,539
in other entities	-	-	-	101,407

Changes in particular categories of financial assets (excluding cash and cash equivalents) from 1st of January, 2018 to 31st of December, 2018, were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans	Financial liabilities
1 January 2018	11,353	-	3,974	182,163
+ increases	4,199	-	16,042	61,703
- decreases	11,353	-	1135	47,512
31 December 2018	4,199	-	18,881	196,354

Balance sheet approach

Non-current financial assets	935	-	18,560	-
in related parties	-	-	18,560	-
in other entities	935	-	-	-
Current financial assets	3,264	-	321	-
in related parties	-	-	321	-
in other entities	3,264	-	-	-
Current financial liabilities	-	-	-	44,011
in related parties	-	-	-	13,278
in other entities	-	-	-	30,733
Non-current financial liabilities	-	-	-	152,343
in related parties	-	-	-	28,240
in other entities	-	-	-	124,103

Financial assets held for trading

This refers to forward contracts held to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk.

Granted loans and proprietary receivables

Granted loans are appraised to according to depreciated costs using the effective interest method. When there are no differences significant for valuation, they are recognised according to nominal value accrued interest using interest rate resultant from contracts.

Financial liabilities

Liabilities are related to investment credit and liabilities due to lease, received loans and forward contracts held to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk.

b) Interest on Financial Liabilities for 2019

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	over 12 months		
Interest on financial liabilities held for trading (loans)	931	-	115	399	514	1,445
Interest on other current financial liabilities (leasing)	1	1	-	-	1	2
Interest on non-current financial liabilities (credit)	2,138	-	-	-	-	2,138
Total	3,070	1	115	399	515	3,585

c) Interest on Granted Loans and Debt Financial Instruments for 2019

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	up to 3 months		
Interest on granted loans	613	-	498	-	498	1,111
Interest on debts	-	-	-	-	-	-
Total	613	-	498	-	498	1,111

Note 33**CONTINGENT LIABILITIES**

On 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.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch R&D S.à r.l. (valid indefinitely), Comarch Argentina S.A. (valid indefinitely), Comarch Malaysia SDN. BHD. (valid indefinitely), Comarch Healthcare S.A. (valid indefinitely and till do till 30th of June, 2021), Comarch Middle East FZ-LLC (valid indefinitely), Comarch Japan KK (valid indefinitely), Comarch S.A.S. (valid indefinitely), 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).

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 40,229 thousand. Provisions for part of these claims were presented in the balance sheet as of 31st of December, 2019, and are worth PLN 6,345 thousand. In 2019, Comarch S.A. created provisions for claims in legal proceedings in the amount of PLN 851 thousand whereas released provisions in the amount of PLN 109 thousand in this respect.

Comarch S.A. is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 3,674 thousand. Provisions for part of these claims were presented in the balance sheet as of 31st of December, 2019, and are worth PLN 1,978 thousand. In 2019, Comarch S.A. created provisions for claims in the matters in disputes but not legal proceedings in the amount of PLN 935 thousand whereas released provisions in the amount of PLN 52 thousand in this respect.

Due to legal proceedings conducted in 2019, Comarch S.A. didn't create write-offs that reevaluate receivables. Due to matters in disputes but not legal proceedings conducted in 2019, Comarch S.A. created write-offs that reevaluate receivables in the amount of PLN 915 thousand.

Information on Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 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 Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2021.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2021.
- Due to conclusion of a framework agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG. The surety was granted

up to the amount of the agreement, i.e. EUR 3,241 thousand and is valid till the termination of the project.

- Due to conclusion of a contract for implementation of Comarch 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, 2021.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.

- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of 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., one of the clients for the implementation, servicing and delivery of necessary licenses for the CLM, a surety for liabilities of COMARCH Middle East FZ-LLC was granted to the amount of USD 3,155 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., one of the clients for the implementation and servicing e-invoicing, a surety for liabilities of Comarch AG was granted to the amount of EUR 784 thousand 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. one of the clients for renting of office space, a surety for liabilities of Comarch Japan KK was granted to the amount of JPY 9,604 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., one of the clients for delivery of the BSSv7 platform, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 11,175 thousand 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., one of the clients for the implementation Convergent Billing service with the license, a surety for liabilities of Comarch Swiss AG was granted to the amount of CHF 12,144 thousand and is valid for the duration of the contract.

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

Note 34

REVENUES AND COSTS FROM DISCARDED ACTIVITIES – NOT CONCERN

Note 35

PLANNED INVESTMENT EXPENDITURES

As at the publication date, Comarch S.A. does not plan new investment.

Note 36

COMARCH S.A.'s REVENUES FROM SALES OF FINISHED GOODS AND SERVICES TO OTHER ENTITIES OF THE GROUP AND ASSOCIATES (thousands of PLN)

	2019	2018
Comarch AG	72,179	74,006
Grupa Comarch SuB	30,442	23,483
Comarch SAS	21,604	16,214
Comarch R&D S.à r.l.	72	72
Comarch, Inc.	31,285	29,804
Comarch Panama, Inc.	1,410	2,246
Comarch Canada, Corp.	2,985	2,393
Comarch Espace Connecté Inc. (Comarch Smart City) Canada	-	-
Comarch LLC	3,285	2,838
Comarch Middle East FZ-LLC	11,431	9,558
OOO Comarch	17,664	11,778
Comarch Software (Shanghai) Co. Ltd.	138	191
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	6,719	4,441
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-

Comarch Luxembourg S.à r.l.	2,836	4,443
Comarch UK Ltd.	22,284	24,847
Comarch Swiss AG	3,246	1,037
Comarch Chile SpA	1,410	2,897
Comarch Sistemas LTDA Brazil	3,226	1,845
Comarch Software Spain S.L.U.	5,107	9,256
Comarch Yazilim A.S.	4	4
Comarch SRL Italy	1,779	3,968
Comarch Malaysia SDN. BHD.	191	186
Comarch AB Sweden	4,674	4,119
Comarch Argentina S.A.	45	14
Comarch Saudi Arabia Co.	1,126	-
Comarch Japan KK	2,825	1,477
CAMS AG	-	-
Comarch Colombia S.A.S	17	20
Comarch Peru S.A.C	-	2
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	7,262	61,036
Comarch (Thailand) Limited	1,069	-
Comarch BV	21	-
Comarch Pty	-	-
CA Consulting S.A.	9,421	10,053
Comarch Technologies sp. z o.o.	2,483	2,680
MKS Cracovia SSA	38	30
Comarch Management sp. z o.o.	-	1
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	1
Comarch Healthcare S.A.	10,330	9,894
Comarch Polska S.A.	46,528	103,434
Comarch Cloud S.A.	19	23
Comarch Infrastruktura S.A.	31	30
iComarch24 S.A.	229	275
Opso sp. z o.o.	243	248
Geopolis Sp. z o.o.	535	171
Bonus Development sp. z o.o. SK-A	172	185
Bonus Management sp. z o.o. SK-A	-	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-

SoInteractive S.A.	41	223
Metrum Capital S.A.	-	-
Thanks Again LLC	6	8
Comarch S.A. Branch in Albania	-	-
Total	326,412	419,431

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

	31 December 2019	31 December 2018
Comarch AG	46,723	35,474
Grupa Comarch SuB	8,923	4,058
Comarch SAS	49,532	32,867
Comarch R&D S.à r.l.	158	87
Comarch, Inc.	4,768	4,437
Comarch Panama, Inc.	463	621
Comarch Canada, Corp.	1 404	1 119
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	7,750	4,514
Comarch Middle East FZ-LLC	29,730	23,204
OOO Comarch	4,444	1,498
Comarch Software (Shanghai) Co. Ltd.	374	235
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	1,647	986
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	2,442	119
Comarch UK Ltd.	10,975	14,494
Comarch Swiss AG	2,429	198
Comarch Chile SpA	3	4,963
Comarch Sistemas LTDA	23,988	21,419
Comarch Software Spain S.L.U.	3,509	18,843
Comarch Yazilim A.S.	-	-
Comarch SRL	4,012	4,108
Comarch Malaysia SDN. BHD.	-	410
Comarch AB	1,072	1,438
Comarch Argentina S.A.	-	90
Comarch Saudi Arabia Co.	1,112	-

Comarch Japan KK	1,111	1,479
CAMS AG	-	-
Comarch Colombia S.A.S	40	22
Comarch Peru S.A.C	4	3
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	4,712	15,318
Comarch (Thailand) Limited	1,075	-
Comarch BV	21	-
Comarch Pty. Ltd	-	-
CA Consulting S.A.	4,198	552
Comarch Technologies sp. z o.o.	865	1,341
MKS Cracovia SSA	4	3
Comarch Management sp. z o.o.	-	-
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	-
Comarch Healthcare S.A.	9,493	9,180
Comarch Polska S.A.	26,654	23,470
Comarch Cloud S.A.	2	2
Comarch Infrastruktura S.A.	8	3
iComarch24 S.A.	61	67
Opso sp. z o.o.	-	37
Geopolis sp. z o.o.	288	9
Bonus Development sp. z o.o. SK-A	41	45
Bonus Management sp. z o.o. SK-A	-	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	50	149
Metrum Capital S.A.	-	-
Thanks Again LLC	3	2
Comarch S.A. Branch in Albania	-	-
Total	254,088	226,864

Note 37
**COMARCH S.A.'s PURCHASES FROM OTHER ENTITIES OF THE GROUP AND ASSOCIATES
(finished goods and services)**

	2019	2018
Comarch AG	4,493	3,249
Grupa Comarch SuB	9	29
Comarch SAS	7,786	7,918
Comarch R&D S.à r.l.	724	4,347
Comarch, Inc.	-	2
Comarch Panama, Inc.	-	-
Comarch Canada, Corp.	-	-
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	1,817	858
Comarch Middle East FZ-LLC	-	445
OOO Comarch	-	-
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	62	273
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	150	149
Comarch UK Ltd.	118	-
Comarch Swiss AG	-	-
Comarch Chile SpA	-	-
Comarch Sistemas LTDA	-	-
Comarch Software Spain S.L.U.	254	232
Comarch Yazilim A.S.	153	-
Comarch SRL	164	72
Comarch Malaysia SDN. BHD.	4	-
Comarch AB	-	-
Comarch Argentina S.A.	-	-
Comarch Saudi Arabia Co.	206	46
Comarch Japan KK	-	-
CAMS AG	-	-
Comarch Colombia S.A.S	167	-
Comarch Peru S.A.C	-	-
Comarch Mexico S.A. de C.V.	-	-

Comarch Yuhan Hoesa (Comarch Ltd.)	-	-
Comarch (Thailand) Limited	601	122
Comarch BV	-	-
Comarch Pty. Ltd	-	-
CA Consulting S.A.	3,924	4,844
Comarch Technologies sp. z o.o.	3	47
MKS Cracovia SSA	-	155
Comarch Management sp. z o.o.	-	17
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	-
Comarch Healthcare S.A.	707	851
Comarch Polska S.A.	916	110
Comarch Cloud S.A.	-	18
Comarch Infrastruktura S.A.	3,543	3,844
iComarch24 S.A.	1,300	880
Opso sp. z o.o.	123	151
Geopolis sp. z o.o.	-	-
Bonus Development sp. z o.o. SK-A	6,744	6,604
Bonus Management sp. z o.o. SK-A	-	8
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	156	860
Metrum Capital S.A.	-	-
Thanks Again LLC	-	-
Comarch S.A. Branch in Albania	-	-
Total	34,124	36,131

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

	31 December 2019	31 December 2018
Comarch AG	7,559	2,693
Grupa Comarch SuB	599	300
Comarch SAS	6,520	609
Comarch R&D S.à r.l.	310	773
Comarch, Inc.	-	140
Comarch Panama, Inc.	-	-
Comarch Canada, Corp.	2	1
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	1,576	944
Comarch Middle East FZ-LLC	-	389
OOO Comarch	-	-
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	-	273
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	25	113
Comarch UK Ltd.	137	20
Comarch Swiss AG	-	-
Comarch Chile SpA	-	-
Comarch Sistemas LTDA	-	-
Comarch Software Spain S.L.U.	218	160
Comarch Yazilim A.S.	149	-
Comarch SRL	205	72
Comarch Malaysia SDN. BHD.	4	3
Comarch AB	-	-
Comarch Argentina S.A.	-	-
Comarch Saudi Arabia Co.	-	46
Comarch Japan KK	-	5
CAMS AG	-	-
Comarch Colombia S.A.S	136	-
Comarch Peru S.A.C	-	-
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	-	-
Comarch (Thailand) Limited	598	123

Comarch BV	-	-
Comarch Pty. Ltd	-	-
CA Consulting S.A.	2,417	3,021
Comarch Technologies sp. z o.o.	-	-
MKS Cracovia SSA	798	805
Comarch Management sp. z o.o.	-	-
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	-
Comarch Healthcare S.A.	381	619
Comarch Polska S.A.	1,106	292
Comarch Cloud S.A.	-	-
Comarch Infrastruktura S.A.	2,306	3,136
iComarch24 S.A.	422	483
Opso sp. z o.o.	20	13
Geopolis sp. z o.o.	-	-
Bonus Development sp. z o.o. SK-A	-	-
Bonus Management sp. z o.o. SK-A	-	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	-	-
Metrum Capital S.A.	-	-
Thanks Again LLC	-	-
Comarch S.A. Branch in Albania	-	-
Total	25,488	15,033

Note 38

INFORMATION ON TRANSACTIONS WITH RELATED UNITS AND OTHER RELATED PERSONS ON TERMS DIFFERENT FROM MARKET CONDITIONS – NONE PRESENT

Note 39

AN AVERAGE EMPLOYMENT IN COMARCH S.A.

An average number of employees	2019	2018
Labour agreements	4,057	3,753
Other forms of employment	930	934
Total	4,987	4,687

An average number of employees	2019	2018
directly production and technical consultants	4,330	4,052
marketing and sales	180	168
management and administrative employees	414	407
others	63	60
Total	4,987	4,687

Note 40

REMUNERATION FOR MANAGING AND SUPERVISING PERSONS (CURRENT PERIOD) IN PLN

a) Comarch S.A.'s Management Board

	Name and surname	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 the 29th of January, 2020 Marcin Dąbrowski, head of telecommunication sector, resigned from the post of Vice-President of the Comarch S.A.'s Management Board, effective as of the 29th of January, 2020. The company announced details in current report no. [RB-4-2020](#), ENG: [RB-4-2020](#), dated the 27th of January, 2020.

b) Comarch S.A.'s Supervisory Board

	Name and surname	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	Andrzej Pach	30,000.00	0.00	30,000.00
3	Maciej Brzeziński	35,000.00	0.00	35,000.00
4	Robert Bednarski	35,000.00	0.00	35,000.00
5	Danuta Drobniak	60,000.00	0.00	60,000.00
6	Łukasz Kalinowski	30,000.00	0.00	30,000.00
7	Joanna Krasodomska	30,075.00	0.00	30,075.00
8	Wojciech Kucharzyk	35,000.00	0.00	35,000.00
9	Anna Ławrynowicz	35,000.00	0.00	35,000.00
10	Anna Pruska	60,000.00	20,140.12	80,140.12
11	Tadeusz Włudyka	30,000.00	0.00	30,000.00
	Total	620,075.00	1,054,265.62	1,674,340.62

On the 26th of June, 2019, the Ordinary General Meeting of the Company adopted Resolution regarding the election of the Company's Supervisory Board: Ms. Elżbieta Filipiak as the Chairperson of the Supervisory Board, Mr. Andrzej Pach to the position of the Vice-Chairman of the Supervisory Board, Ms. Danuta Drobniak, Mr. Łukasz Kalinowski, Ms. Joanna Krasodomska, Mrs. Anna Pruska, Mr. Tadeusz Włudyka for the positions of members of the Supervisory Board.

Salaries presented in this note include salaries actually paid in 2019 (including remuneration bonus for the previous periods covered by provisions as of 31st of December, 2018.). Salaries do not include unpaid bonuses for the year 2019 (covered by reserves as of 31st of December, 2019).

As at 31st of December, 2019, there are no unpaid loans nor guarantees nor suretyships to members of the Management or Supervisory Board or their relatives.

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

Not concern.

Note 41
LIABILITIES AND LOANS AGAINST OTHER ENTITIES
Long-term Bank Credits

Company of Comarch Group / Funded operations	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 building SEZ4 in Krakow	BGŻ BNP Paribas Bank Polska S.A.	44,000	PLN	2,919 (3,563 as at the 31 st of December 2018)	EUR	12,432 (15,320 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch S.A. office building SEZ5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	902 (1 418 as at the 31 st of December, 2018)	EUR	3,840 (6,099 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A. nonrevolving bank credit	Santander Bank Polska S.A. (formerly Bank Zachodni WBK S.A.)	7,400	EUR	953 (1,910 as at the 31 st of December, 2018)	EUR	4,057 (8,212 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A. office building SEZ6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	6,507 (8,188 as at the 31 st of December, 2018)	EUR	27,711 (35,209 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	330 th of November, 2023.11.2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch S.A. office building SEZ7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	12,920 (13,333 as at the 31 st of December, 2018)	EUR	55,018 (57,330 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement

Comarch S.A.	Bank Handlowy w Warszawie S.A.	2,508	EUR	0 (1,188 as at the 31 st of December, 2018)	EUR	0 (5,109 as at the 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.	DNB Bank Polska S.A.	2,531	EUR	1,400 (1,751 as at the 31 st of December, 2018)	EUR	5,961 (7,529 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, declaration of submission to enforcement
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	3,500	EUR	3,499 (1,399 as at the 31 st of December, 2018)	EUR	14,899 (6,016 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			4,850 (7,643 as at the 31 st of December, 2018)	PLN	Fixed interest rate	1 st of March, 2022	none
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			0 (765 as at the 31 st of December, 2018)	PLN	Fixed interest rate	31 st of January, 2019	none
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			0 (737 as at the 31 st of December, 2018)	PLN	Fixed interest rate	1 st of July, 2019	none
Comarch S.A.	long-term non-revolving bank credit									

Comarch S.A.						1,944				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			(2,745 as at the 31 st of December, 2018)	PLN	Fixed interest rate	1 st of May, 2022	none
Comarch S.A.						0				
delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	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

Note 42

SIGNIFICANT EVENTS RELATED TO THE PREVIOUS YEARS - NOT CONCERN

Note 43

EVENTS AFTER BALANCE SHEET DATE

a) Dates of Periodical Financial Reports in 2020

In the current report no. [RB-1-2020](#) ([ENG: RB-1-2019](#)) dated the 3rd of January 2020, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2020:

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

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

ANNUAL AND HALF-YEAR REPORTS:

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

b) Information on Transactions on Comarch S.A. Shares

The Management Board of Comarch S.A. informed about receiving on the 27th of January, 2020, from a managing person notifications about transactions referred to in art. 19 para. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of the 16th of April, 2014 on market abuse.

The transaction concerned the disposal of 335,926 ordinary bearer shares on 24th of January, 2020 on the regulated market at a weighted average price of PLN 198.00 per share. The transaction value was 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.

The Management Board of Comarch S.A. announced that on the 27th of January, 2020, it received from Mrs. Elżbieta Filipiak a Notification, pursuant to Art. 69 par. 2 point 1 letter a of the Act on Public Offering, the terms for introducing and trading financial instruments on the stock exchange, as well as public companies on the change of 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 General Meeting of Shareholders. The Company announced details in current report no. [RB-3-2020](#), ENG: [RB-3-2020](#), dated the 27th of January, 2020.

c) Resignation of Managing Person

On the 29th January, 2020, the Management Board of Comarch S.A. announced details in current report no. [RB-4-2020](#), ENG: [RB-4-2020](#) that on the 29th of January, 2020, Marcin Dąbrowski, head of telecommunication sector, resigned from the post of Vice-President of the Comarch S.A.'s Management Board, effective as of the 29th of January, 2020.

d) 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") provides 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 Company announced details in current report no. [RB-5-2020](#), ENG: [RB-5-2020](#), dated 19th of March, 2020.

The Management Board of the Company informs that the operational activity of the Company and the Comarch Capital Group is conducted without any disruptions. The Comarch Group implements 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 safety, health and hygiene recommendations. Business trips to countries identified by the Chief Sanitary Inspectorate as high risk countries have been suspended, direct contacts of employees within the organization are limited, and the remote work mode of office workers has been launched on a larger scale. Remote communication methods are commonly used in business contacts.

The Management Board of the Company emphasizes that the activities of the Company and the Group are very well diversified in terms of industry, product and geography, and the current situation does not 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 Company's clients.

The Company'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 Company's operations. Significant changes in this situation will be communicated in current reports.

e) 2CSI Shares Purchase Agreement

On the 23rd of April, 2020, Management Board of Comarch S.A. informed in the current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) 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.

f) Settlement with One of the Customers

In April 2020, a settlement was concluded with one of the customers, ending one of the long-term legal proceedings.

After the settlement, Comarch S. A. will release a provision of PLN 5,294 thousand what will be included in the financial statements for the first quarter of 2020. The value of potential total claims of third parties in which Comarch S. A. is a defendant in legal proceedings will decrease by PLN 26,387 thousand.

g) Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2020 and the 29th of April, 2019, Comarch S.A. concluded forward contracts for the sales of EUR 18,200 thousand. The total net value of open forward contracts as of the 29th of April, 2019 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. On the 31st of March, 2020, the balance sheet valuation of forward contracts was worth PLN -8,881 thousand whereas on the 31st December 2019 was worth PLN +7,662 thousand. Such a large change in the balance sheet value of forward contracts within 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.

h) Transaction on change of IRS

None present.

Note 44

CHANGES IN APPLIED ACCOUNTING PRINCIPLES

In 2019, the Company did not make any significant changes in accounting principles in comparison to the previous year. The details of the applied accounting principles were presented in the introduction to the financial statement.

Note 45

DESCRIPTION AND ECONOMIC GOAL OF CONTRACTS NOT PRESENTED IN THE BALANCE SHEET WHISIN THE SCOPE OF THEIR INFLUENCE ON THE EQUITY AND FINANCIAL SITUATION AS WELL AS THE FINANCIAL RESULT OF THE COMPANY – NOT CONCERN

Note 46

INFORMATION ON PAID OR DUE REMUNERATION OF AN EXPERT AUDITOR OR AN ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

No.	Types of services	Remuneration (net value)- paid	Remuneration (net value)- due
2019			
BDO Spółka z ograniczoną odpowiedzialnością Sp.k.			
1	Obligatory audit of annual financial statements for 2019	50,000.00	80,000.00
2	Review of half-year financial statement for H1 2019 and agreed additional costs related to consolidation process	70,000.00	0.00
3	Other services	0.00	0.00
2018			
BDO Spółka z ograniczoną odpowiedzialnością Sp.k.			
1	Obligatory audit of annual financial statements for 2018	100,000.00	0.00
2	Review of half-year financial statement for H1 2018 and agreed additional costs related to consolidation process	50,000.00	0.00
3	Other services	0.00	0.00

Note 47

CONNECTION BETWEEN BALANCE SHEET POSITIONS, IN CASE THE ELEMENT OF ASSETS OR EQUITY IS PRESENTED IN MORE THAN ONE POSITION OF THE BALANCE SHEET, ITS RELATION BETWEEN THOSE POSITIONS. IT IS RELATED TO DIVISION OF RECEIVABLES AND LIABILITIES TO THE LONG-TERM AND SHORT-TERM PARTIES

2019	Short-term	Long-term	Total
Assets			
Loans	402	36,794	37,196
Other accruals	128,398	2,218	130,616
Other financial assets	4,923	2,739	7,662
Equity			
Loans	3,230	3,564	6,794
Credits	28,699	95,824	124,523
Financial liabilities	-	2,019	2,019
2018			
	Short-term	Long-term	Total
Assets			
Loans	322	18,560	18,882
Other accruals	89,681	2,821	92,502
Other financial assets	3,264	935	4,199
Equity			
Loans	5,626	7,083	12,709
Credits	24,628	115,856	140,484
Financial liabilities	479	1,164	1,643

COMARCH



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

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**PLN 57.6
million of net
profit**

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

**PLN 951.7
million of
sales revenue**

**5,000
professionals
employed**

**56
companies
worldwide**

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

**6.1% of net
margin**

1. Information about the Company

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

This Report of Comarch S.A.'s Management Board regarding the activities in 2019 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. 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 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.

1.2. 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
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*) 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 company announced details in current report no. [RB-4-2020](#) (ENG: [RB-4-2020](#)), dated on 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 40](#) of the financial statement.

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

None present.

2. Basic Economics and Financial Values

2.1. Selected Financial Data

	2019	2018	2017	2016	2015
Revenues from sales	951,698	966,100	755,517	749,213	749,556
Revenues from sales of proprietary IT solutions	900,384	899,001	730,197	720,021	677,941
Operating profit	33,519	89,389	40,533	78,834	83,377
EBITDA*	78,141	132,825	78,585	114,135	114,881
Net profit	57,627	49,649	39,338	45,588	57,683
Profit per share (in PLN)	7.09	6.10	4.84	5.61	7.09
Assets	1,395,045	1,334,901	1,247,206	1,162,245	1,117,308
Book value	881,540	834,190	796,984	771,742	731,905
Book value per share (in PLN)	108.39	102.56	97.99	94.89	89.99

*) Operating profit + Depreciation

In 2019, the revenue from sales amounted to PLN 951,698 thousand and were lower by 1.5% compared to that in 2018. Operating profit amounted to PLN 33,519 thousand and was lower by 62.5% compared to that achieved in 2018. Net profit in 2019 was higher by PLN 7,978 thousand, i.e. by 16.1%.



In 2019, operating margin was 3.5%, while net margin was 6.1%.

2.2. Employment and Production Capacity of Comarch S.A

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.

Average employment in Comarch S.A. from 2015 to 2019 is presented in tables below:

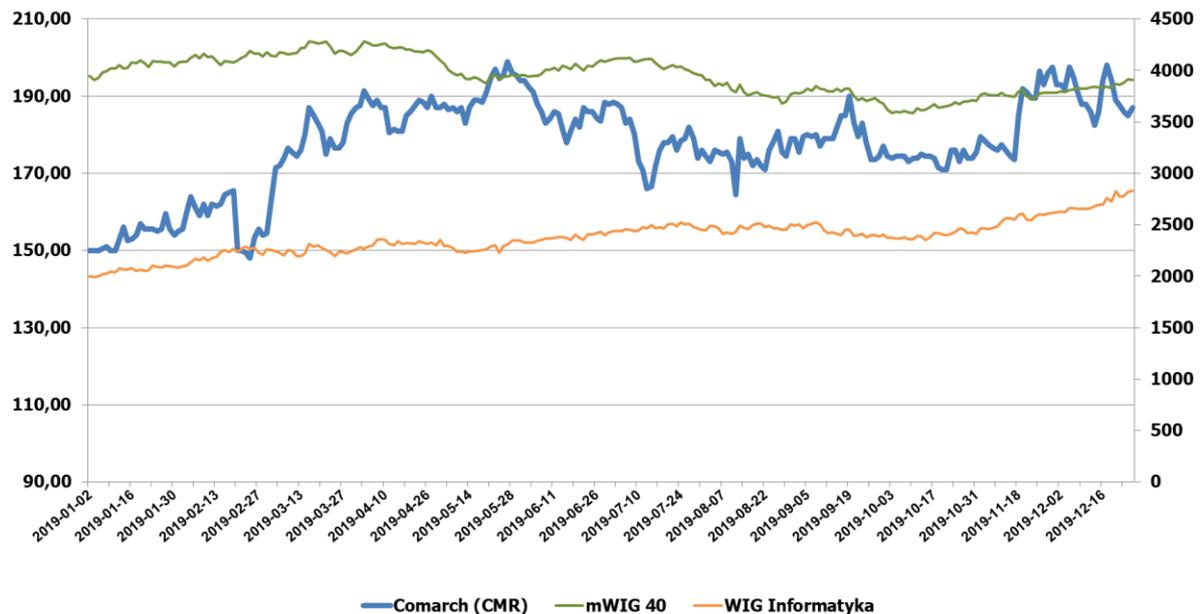
Average number of employees	2019	2018	2017	2016	2015
Employment agreement	4,057	3,753	3,492	3,416	3,121
Other form of employment	930	934	844	888	860
Total	4,987	4,687	4,336	4,304	3,981

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 employees	414	407	372	353	340
Other	63	60	70	74	61
Total	4,987	4,687	4,336	4,304	3,981

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 19 branches located in urban

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

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 unconsolidated data		
P/E at the balance sheet date	26.39	24.90
P/BV at the balance sheet date	1.73	1.48
P/S at the balance sheet date	1.60	1.28

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, teleinformatic network management and billing systems, Business Intelligence, security and protection of data, electronic devices and many other solutions. Apart from providing innovative IT solutions to its customers, Comarch is focused on professional customer service and on providing consulting, advisory and integration services as a uniform package, with which our customers can take full advantage of the possibilities offered by modern IT systems.

3.1. Telecommunications Sector

Since 1993 Comarch has specialist telecoms unit providing IT solutions to some of the biggest telecoms brands in the world, including Telefónica, 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.

SMART ANALYTICS OF NETWORK AND SERVICE & QUALITY MANAGEMENT

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

Customer Experience Management (CEM) plays an overarching role in service monitoring and service quality management, transforming service management by providing 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 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

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 superiors.

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.

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.

Available solutions:

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 S.A. provides part of the Comarch Group solutions dedicated to the health market.

MIASTO ZDROWIA

"City of Health" is a service-IT platform, consisting of a set of mutually interconnected applications and IT systems. The service addressed to regions and cities is an effective tool for implementing regional health policy. The concept of "City of Health" focuses on residents as recipients and clients of provided health care services. It is the result of Comarch's practical experience in implementing regional platforms for healthcare.

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

Due to the type of IT systems offered by Comarch S.A., medium-size and large companies (who are the largest clients of advanced IT solutions all over the world) constitute the main group of clients. Majority of company's products are addressed to specific groups of customers, while IT services are of universal nature and are offered to all groups of customers. The Company's offer is dedicated to both Polish and foreign customers. Since many years, the Company's strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe, Asia and South and North America. 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 S.A. sales.

Due to the specific nature of the industry, in which Comarch S.A. manages its operations, international concerns, which are producers of computer systems and programmer's tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In 2019, share of none of the product provider exceeded 10% of the value of Comarch S.A. sales.

5. Sales Structure

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

	2019	%	2018	%	2017	%
Domestic	531,270	55.8%	537,266	55.6%	404,925	53.60%
Export	420,428	44.2%	428,834	44.4%	350,592	46.40%
Total	951,698	100.0%	966,100	100.0%	755,517	100.0%

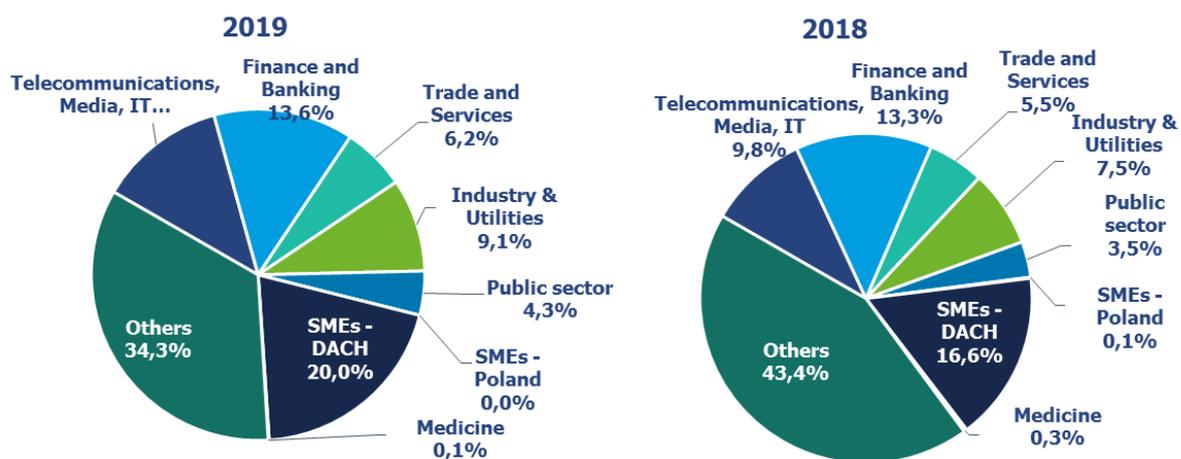
In 2019, revenue from the Company's sales decreased by PLN 14,402 thousand, i.e. by 1.5% compared to 2018. Export sales also decreased by PLN 8,406, i.e. by 2.0%. Revenue from domestic sales decreased by PLN 5,996 thousand, i.e. by 1.1%.

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

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

	2019	%	2018	%	2017	%
Telecommunication, Media, IT	118,502	12.4%	95,498	9.8%	88,762	11.7%
Finance and Banking	129,363	13.6%	128,770	13.3%	126,518	16.7%
Trade and Services	58,763	6.2%	52,681	5.5%	42,598	5.6%
Industry & Utilities	86,767	9.1%	72,734	7.5%	80,675	10.7%
Public Sector	40,636	4.3%	33,505	3.5%	31,522	4.2%
Medical Sector	405	0.0%	606	0.1%	434	0.1%
Small and Medium Enterprises	190,348	20.0%	160,419	16.6%	135,843	18.0%
Others	502	0.1%	2,456	0.3%	604	0.1%
Revenues from Subsidiaries	326,412	34.3%	419,431	43.4%	248,561	32.9%
Total	951,698	100.0%	966,100	100.0%	755,517	100.0%

In 2019, a significant decrease was recorded in sales revenue to subsidiaries (of PLN 93,019 thousand, i.e. of 22.2%), which is mainly due to the reduced carried out by these entities on foreign markets, mainly in the Telecommunications sector. Last year, as in previous years, revenue from sales to customers from the SME sector increased significantly (an increase of PLN 29,929 thousand, i.e. of 18.7%), their share in total sales amounted to 20.0%. Sales to clients in the Telecommunication sector also increased significantly (an increase of PLN 23,004 thousand, i.e. of 24.1%), its share increased to 12.4%. A large increase in revenue also related to the industry & utilities sector (an increase of PLN 14,033 thousand, i.e. of 19.3%). Sales of Comarch S.A. to clients from the trade and services sector recorded an increase of PLN 6,082 thousand, i.e. of 11.5%, and its share increased to 6.2%. Sales to customers in the public sector also increased (by PLN 7,131 thousand, i.e. by 21.3%). The public sector was responsible for 4.3% of Comarch S.A.'s revenues in the reported period. Sales to the medicine sector and the financial and banking sector remained at similar levels to last year's.

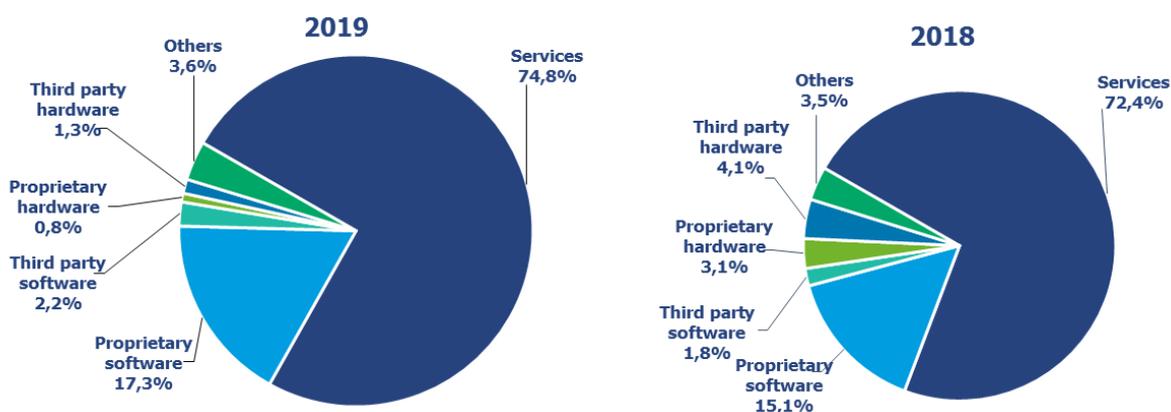


The structure of sales remained stable during the financial year.

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

	2019	%	2018	%	2017	%
Services	701,583	73.7%	662,341	68.6%	598,795	79.3%
Proprietary Software	187,475	19.7%	203,323	21.0%	130,237	17.2%
Third party Software	27,953	2.9%	14,850	1.5%	11,310	1.5%
Finished goods	11,326	1.2%	33,337	3.5%	1,165	0.2%
Hardware	15,080	1.6%	44,189	4.6%	6,808	0.9%
Others	8,281	0.9%	8,060	0.8%	7,202	0.9%
Total	951,698	100.0%	966,100	100.0%	755,517	100.0%

In 2019, as in the previous years, the largest part of the sales revenue of Comarch S.A. were services. It is related to the business model of services in sales of IT solutions adopted by Comarch. In 2019 there was an increase in sales of services of PLN 39,242 thousand, i.e. of 5.9%. Revenue from the sales of proprietary software decreased by PLN 15,848 thousand, i.e. by 7.8%. The share of services and proprietary software in total sales amounted to 93.4%. Revenue from the sales of third party software increased by PLN 13,103 thousand, i.e. by 88.2%, and sales of hardware decreased by PLN 29,109 thousand, i.e. by 65.9%, their combined share in total sales of Comarch S.A. remained at a relatively low level of 4.5%. The sales of finished goods were significantly lower than in 2018 (a decrease of PLN 22,011 thousand, i.e. of 66.0%), mainly as the result of a decreased supply of proprietary software to customers from the public sector.



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

6. Factors Essential for Development of the Issuer

6.1. Internal Factors

- Steady increase in export sales and significance of foreign sales;
- Position and reputation of the Company affecting the nature of clients acquired;
- Commercial operations of Comarch S.A. in the special economic zone in Krakow;
- Significant share of standard (repetitive) products offered for sale, which means:
 - lower costs, especially variable costs related to a single contract,

- the possibility of significant increase in profitability of a single contract with simultaneous reduction in charges for clients (license fees),
 - broader and more diversified circle of clients, which means a broader scale of activities,
- 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) increasing competition, affecting the reduction of margins achieved; competition between IT companies;
- f) constant pressure to increase wages in the IT industry; decreasing number of technical university graduates with IT education;
- g) increasing competition on the local job market in the IT sector in Krakow and other business locations of the Company;
- 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

Comarch S.A. is exposed to the following main types of financial risk:

7.1. Credit Risk

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

7.2. Risk of Change in Interest Rates

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

7.3. Risk of Fluctuation in the Exchange Rates

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

7.4. Financial Liquidity Risk

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

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

In 2019, the demand for IT services and IT products has been stable close to those in the previous year, however there were changes in its structure. The share of direct sales of the Company to end customers increased, while sales to the Company's subsidiaries decreased. The company observed an increase in demand for ERP solutions for SME sector and a stable demand for IT solutions from customers from other sectors. The Company's backlog now ensures full use of its production capacity in several subsequent periods.

The Company'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 Company and the financial condition of the Company'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 is conducted without any disruptions. The Company 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 Company 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'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 S.A. 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 Company is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch S.A. thanks to the wide range of its own products, owned infrastructure and human and capital resources can flexibly adapt to business models expected by customers.

The most important risks related to the Company's operations are:

- risks related to R&D work (developing proprietary software products);
- risks related to implementation of long-term contracts;
- risks related to failure to meet contract terms and conditions and contractors taking advantage of the provided performance guarantees;
- risk of foreign legal and political environment related to execution of export contracts;
- the credit risk related to the sale with deferred payment, and frequently with a long period of execution of contracts;
- risk of 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;
- 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 Company and the financial condition of the Company's clients and the demand for IT products and services generated by them.

9. Financial Analysis

	31 December 2019	%	31 December 2018	%	Change	Change %
I. Non-current assets	735,752	52.7%	736,084	55.1%	-332	0.0%
Intangible assets	10,770	0.7%	11,048	0.8%	-278	-2.5%
Property, plant and equipment	331,755	23.8%	332,185	24.9%	-430	-0.1%
Long-term investment	384,927	27.6%	383,826	28.7%	1,101	0.3%
Non-current prepayments	8,300	0.6%	9,025	0.7%	-725	-8.0%
II. Current assets	659,293	47.3%	598,817	44.9%	60,476	10.1%
Inventories	62,751	4.5%	61,435	4.6%	1,316	2.1%
Current receivables	395,319	28.4%	376,939	28.3%	18,380	4.9%
Short-term investment	72,825	5.2%	70,762	5.3%	2,063	2.9%
Current prepayments	128,398	9.2%	89,681	6.7%	38,717	43.2%
TOTAL ASSETS	1,395,045	100.0%	1,334,901	100.0%	60,144	4.5%

As of the end of 2019, the value of the Company's assets increased by 4.5% compared to 2018, i.e. from PLN 1,334,901 thousand to PLN 1,395,045 thousand, as a result of an increase of current assets of PLN 60,476 thousand, i.e. of 10.1%. This increase was mainly due to an increase in the value of current prepayments (increase of PLN 38,717 thousand, i.e. of 43.2%), current receivables (increase of PLN 18,380 thousand, i.e. of 4.9%) inventories (increase of PLN 1,316 thousand, i.e. of 2.1%) and short-term investments (increase of PLN 2,063 thousand, i.e. of 2.9%).

The value of non-current assets remained at a level similar to last year. The structure of non-current assets did not change significantly. Value of long-term investments increased by PLN 1,101 thousand, i.e. by 0.3%. Non-current prepayments decreased by PLN 725 thousand, i.e. by 8.0%. Other non-current assets items, i.e. intangible assets and property, plant and equipment remained at the previous year's level.

	31 December 2019	%	31 December 2018	%	Change	Change %
I. Equity	881,540	63.2%	834,190	62.5%	47,350	5.7%
Share capital	8,133	0.6%	8,133	0.6%	0	0.0%
Supplementary capital	717,950	51.5%	680,501	51.0%	37,449	5.5%
Revaluation reserve	97,085	6.9%	95,162	7.1%	1,923	2.0%
Other reserve capitals	745	0.1%	745	0.1%	0	0.0%
Previous years' profit (loss)	-	-	-	-	-	-
Net profit (loss)	57,627	4.1%	49,649	3.7%	7,978	16.1%
II. Liabilities and provisions for liabilities	513,505	36.8%	500,711	37.5%	12,794	2.6%
Provisions for liabilities	160,732	11.5%	144,309	10.8%	16,423	11.4%
Non-current liabilities	120,946	8.7%	152,343	11.4%	-31,397	-20.6%
Current liabilities	160,942	11.5%	157,089	11.8%	3,853	2.5%
Accruals	70,885	5.1%	46,970	3.5%	23,915	50.9%
TOTAL EQUITY AND LIABILITIES	1,395,045	100.0%	1,334,901	100.0%	60,144	4.5%

The value of equity increased in 2019 by 5.7% and its share in the liabilities structure and its share increased from 62.5% to 63.2% in 2018. The increase in equity is related to the transfer of retained profit for 2018 to supplementary capital and the net profit generated in 2019. Share capital, revaluation reserve and other reserve capitals maintained a level similar to the last year.

Liabilities and provisions for liabilities constituted 36.8% of total equity and liabilities versus 37.5% a year earlier. In 2019, the balance of current liabilities amounted to PLN 120,946 thousand and was lower by PLN 31,397 than in 2018. This decrease results mainly from regular repayments of bank credits related to those implemented by Comarch S.A. infrastructure investments. The value of other items of liabilities and provisions for liabilities increased. The value of accruals increased by PLN 23,915 thousand, i.e. by 50.9%. The value of provisions for liabilities increased by PLN 16,423 thousand, i.e. by 11.4% and the value of non-current liabilities increased by PLN 3,853 thousand, i.e. by 2.5% compared to 2018.

	2019	%	2018	%	Change	Change %
I. Net revenues from sales of products, finished goods and materials	951,698	100.0%	966,100	100.0%	-14,402	-1.5%
II. Cost of products, finished goods and materials sold	761,532	80.0%	719,140	74.4%	42,392	5.9%
III. Gross profit (loss) from sales (I-II)	190,166	20.0%	246,960	25.6%	-56,794	-23.0%
IV. Costs of sales	74,033	7.8%	73,067	7.6%	966	1.3%
V. Administrative costs	74,952	7.9%	55,517	5.7%	19,435	35.0%
VI. Profit (loss) on sales (III-IV-V)	41,181	4.3%	118,376	12.3%	-77,195	-65.2%
VII. Other operating revenues	14,260	1.5%	1,972	0.2%	12,288	623.1%
VIII. Other operating costs	21,922	2.3%	30,959	3.2%	-9,037	-29.2%

IX. Profit (loss) on operating activities (VI+VII-VIII)	33,519	3.5%	89,389	9.3%	-55,870	-62.5%
X. Financial revenues	45,416	4.8%	10,845	1.1%	34,571	318.8%
XI. Finance costs	11,538	1.2%	43,159	4.5%	-31,621	-73.3%
XII. Profit (loss) on business activities (IX+X-XI)	67,397	7.1%	57,075	5.9%	10,322	18.1%
XIII. Gross profit (loss) (XII)	67,397	7.1%	57,075	5.9%	10,322	18.1%
XIV. Income tax	9,770	1.0%	7,426	0.8%	2,344	31.6%
XV. Net profit (loss) (XIII-XIV)	57,627	6.1%	49,649	5.1%	7,978	16.1%

In 2019, Comarch S.A. generated PLN 951,698 thousand of sales revenue, which is a decrease of 1.5% compared to 2018. The Company's operating profit in 2019 amounted to PLN 33,519 thousand and the net profit was PLN 57,627. The value of other operating revenues increased significantly (by PLN 12,288 thousand, i.e. by 623.1%), mainly as a result of the release of provisions for compensations and contractual penalties. The value of other operating costs decreased in 2019 by PLN 9,037 thousand PLN, i.e. by 29.2%, mainly due to the lower value of provisions for compensations and contractual penalties.

Profitability Analysis	2019	2018	2017	2016	2015
Margin on sales	20.0%	25.6%	23.7%	29.3%	30.1%
EBIT margin	3.5%	9.3%	5.4%	10.5%	11.1%
Gross margin	7.1%	5.9%	5.9%	7.5%	8.9%
Net margin	6.1%	5.1%	5.2%	6.1%	7.7%
Return on assets	4.1%	3.7%	3.2%	3.9%	5.2%
Return on equity	7.0%	6.3%	5.2%	6.3%	8.6%

The margin on sales decreased from 25.6% to 20.0%. EBIT margin in 2019 decreased from 9.3% to 3.5%. Other indicators increased: gross margin from 5.9% to 7.1%, while net margin from 5.1% to 6.1%. Return on assets and return on equity increased and reached respectively 4.1% and 7.0%.

Liquidity analysis	2019	2018	2017	2016	2015
Current ratio	2.8	2.9	2.8	3.2	3.0
Quick ratio	2.0	2.2	2.1	2.6	2.5
Cash to current liabilities ratio	0.3	0.3	0.3	0.4	0.5

As in previous years, also in 2019 the Company was characterized by very good financial liquidity. In 2019, the ratios decreased slightly in relation to 2018. In the opinion of the Management Board, Comarch S.A. has no problems with meeting contracted financial liabilities on time. Temporarily free funds are invested by the Company in safe financial instruments such as bank deposits and shares in financial investment funds.

Turnover analysis	2019	2018	2017	2016	2015
Current asset turnover ratio	1.4	1.6	1.5	1.6	1.8
Receivables turnover ratio (days)	150	140	149	156	140
Inventories turnover ratio (days)	2	2	12	1	2
Liabilities turnover ratio (days)	111	131	159	137	128
Liabilities turnover excluding liabilities due to investment credit ratio (days)	64	67	80	70	72

Turnover ratios confirm the effective use of the Company's funds. In 2019, most rotation rates decreased. Receivables turnover ratio has slightly increased.

Debt analysis	2019	2018	2017	2016	2015
Debt ratio	36,8%	37,5%	36,1%	33,6%	34,5%
Debt ratio due to non-current credits	8,7%	11,4%	12,4%	10,4%	9,1%
Debt/equity ratio	58,3%	60,0%	56,5%	50,6%	52,7%

Due to the smaller increase in the value of liabilities in relation to equity, the debt ratio and debt/equity ratio slightly decreased compared to the previous year and remain at a safe level in 2019. Debt ratio due to non-current credits dropped from 11.4% to 8.7%. 63.2% of the Company's funds come from internal financing and 36.8% come from outside financing.

Methods of Calculation of Financial Ratios

Debt ratios

$$\text{debt ratio} = \frac{\text{liabilities and provisions for liabilities}}{\text{total equity and liabilities}}$$

$$\text{debt ratio due to non-current credits} = \frac{\text{non-current liabilities}}{\text{total equity and liabilities}}$$

$$\text{debt/equity ratio} = \frac{\text{liabilities and provisions for liabilities}}{\text{equity}}$$

Profitability Ratios

$$\text{margin on sales} = \frac{\text{gross profit from sales}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{EBIT margin} = \frac{\text{operating profit}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{gross margin} = \frac{\text{gross profit}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{net margin} = \frac{\text{net profit}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{return on assets} = \frac{\text{net profit}}{\text{total assets}}$$

$$\text{return on equity} = \frac{\text{net profit}}{\text{equity} - \text{net profit}}$$

Liquidity ratios

$$\text{current ratio} = \frac{\text{current assets}}{\text{current liabilities} + \text{accruals}}$$

$$\text{quick ratio} = \frac{\text{current investment} + \text{current receivables}}{\text{current liabilities} + \text{accruals}}$$

$$\text{cash to current liabilities ratio} = \frac{\text{current investment}}{\text{current liabilities} + \text{accruals}}$$

Turnover ratios

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

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

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

$$\text{liabilities turnover ratio (days)} = - \frac{(\text{current} + \text{non-current liabilities}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Costs of Sold Products, Goods and Materials}}$$

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

10. Credits, Loans, Suretyships, Bank Guarantees

10.1. Non-Revolving Credits

As at the 31st of December, 2019, Comarch S.A. had liabilities due to credits and loans in the amount of PLN 123,918 thousand.

In 2019, all covenants under the loan agreements concluded by Comarch S.A. were met. The Management Board of Comarch S.A. expects no problems in meeting them in the future

Company of Comarch Group / Subject of the funding	Financial Institution	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. 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	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement. The real estate mortgage, cession of rights in the insurance policy, declaration of 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	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A. nonrevolving 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	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of 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 (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.	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
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	3,500	EUR	3,499 (1,399 as at 31 st of December, 2018)	EUR	14,899 (6,016 as at 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement

10.2. Revolving Credits

As at the 31st of December, 2019, Comarch S.A. was granted limits on revolving overdraft facilities in the amount of PLN 60,000 thousand PLN, the limits were not used.

In 2019, all covenants under the loan agreements concluded by Comarch S.A. were met. The Management Board of Comarch S.A. expects no problems in meeting them in the future.

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency			
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

a) Loans Received by Comarch S.A. from Unrelated Entities

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 7,399 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 S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			0 (737 as at 31 st of December, 2018)	PLN	fixed	1 st of July, 2019	-
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			1,944 (2,745 as at 31 st of December, 2018)	PLN	fixed	1 st of May, 2022	-
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	999	PLN			0 (999 as at 31 st of December, 2018)	PLN	fixed	1 st of December, 2019	-
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,814	PLN			605 (0 as at 31 st of December, 2018)	PLN	fixed	1 st of May, 2020	-

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

As at 31st of December, 2019, the Comarch S.A. held liabilities due to unpaid capital of loans from related entities in the amount of PLN 19,139 thousand.

Company	Due date	The loan amount remaining to be repaid	Currency	Interest conditions	Value in PLN
Comarch Sistemas	2019-08-31	1,200	EUR	EURIBOR3M + margin	5,110
CA Consulting	2022-12-22	4,900	PLN	WIBOR3M + margin	4,900
Comarch Infrastruktura	2022-12-20	1,300	PLN	WIBOR3M + margin	1,300
Comarch Technologies	2022-12-20	2,200	PLN	WIBOR3M + margin	2,200
Comarch SRO	2022-12-20	500	PLN	WIBOR3M + margin	500
Comarch Technologies	2023-05-23	500	EUR	EURIBOR3M + margin	2,129
iComarch24	2023-07-18	1,500	PLN	WIBOR3M + margin	1500
Comarch Pointshub	2023-12-31	1,500	PLN	WIBOR3M + margin	1,500
Total					19,139

10.4. Loans Granted by Comarch S.A.

a) Loans Granted to Companies in Comarch Group

As at 31st of December, 2019, the following companies of the Capital Group were indebted towards Comarch S.A. for loans granted:

Company Company	Due date Due date	Value Value	Currency Currency	Interest conditions Interest conditions	Value in PLN Value in PLN
Bonus Development Sp zoo SKA	2029-01-31	3,001	PLN	WIBOR3M + margin	3,001
Comarch Polska SA	2023-06-25	9,000	PLN	WIBOR3M + margin	9,000
Comarch Healthcare	2023-11-26	5,000	PLN	WIBOR3M + margin	5,000
Comarch Saudi Arabia	2024-02-12	50	USD	LIBORUSD3M + margin	190
Comarch Saudi Arabia	2024-03-31	70	USD	LIBORUSD3M + margin	266
Comarch Polska S.A.	2024-04-30	9,000	PLN	WIBOR3M + margin	9,000
Comarch Healthcare	2024-07-30	1,500	PLN	WIBOR3M + margin	1,500
Comarch PTY LTD Australia	2024-10-29	200	AUD	fixed	532
Comarch Spain	2024-12-03	2,000	EUR	EURIBOR3M + margin	8,517
Comarch Saudi Arabia	2024-11-25	50	USD	LIBORUSD3M + margin	190
Total					37,196

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

As at 31st of December, 2019, there are no unpaid loans, as well as guarantees and sureties granted by Comarch S.A. 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 S.A. to the employees.

c) 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, as well as guarantees and sureties granted by Comarch S.A. to members of the Management Board, members of the Supervisory Board and their relatives.

10.5. Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 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 Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return.
- 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.

10.6. 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 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 Center for the School of Sports Championship and Cracovia"

The Management Board 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 center 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 center, 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 center 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 the 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.

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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 Management Board of the Company 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 Company and 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 Company 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 Comarch S.A. 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 Comarch S.A. 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 S.A. 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.

After implementing the settlement terms, Comarch S.A. will dissolve the provision in the amount of PLN 5,294,000, which will be included in the financial statements for the first quarter of 2020, and the value of potential, total claims of third parties in which Comarch S.A. is a party sued in legal proceedings will decrease 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

Comarch S.A. does not restrict its interest to the territory of Poland alone. With products featuring international competitive edge, the Group 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 Company 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 are described in point [17.2.](#)

12.2. Real Estates

In 2019, no land property purchases were made.

13. Resolutions of the AGM and the Board of Supervisors

13.1. Corporate Governance Principles

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no. [EBI-1-2019](#), (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.

13.2. 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.

14. Operations on Comarch S.A. Shares

14.1. 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.

14.2. Managerial Option Program for Members of the Management Board

None present.

15. Other Events in 2019 and after the Balance Sheet Date

15.1. 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.

15.2. 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

15.3. 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, 2020r.

15.4. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2020 and the 29th of April, 2020, Comarch S.A. 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.

16. Achievements within Research and Development

Globalisation of world economy, as well as liberalisation of trade, result in disappearance of barriers for companies and their products. The IT market becomes an open and global market where prices and quality of available products are continuously compared against each other. Along with increase in the presence of foreign capital in Poland, even IT companies conducting operations solely in the Polish market must offer competitive products from the point of view of the global market. Comarch, since the very beginning of its operations, has had reputation of a technological Company developing and successfully selling products competitive internationally. Therefore, the main strategic objectives of the Company are still development of new competitive products to enable further development of Comarch and, as a result, increasing its value. Maintaining dynamics of sales requires expenditures for development of products as well as their proper promotion and marketing. This applies to both modifications of already existing products and technologies as well as developing new products.

The present policy of Comarch assumes running research and development work related to implementation of new products and standardisation of products from the very beginning of their preparation for the client. Thus, even in cases when a product was developed for the needs of a particular client, a part or whole of software / code may be then used for preparation of a standard product. This results in higher profitability of particular contracts and expansion of the client base. Expenses for research and development works amounted to PLN 192,678 thousand, thus reached

20.2% 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

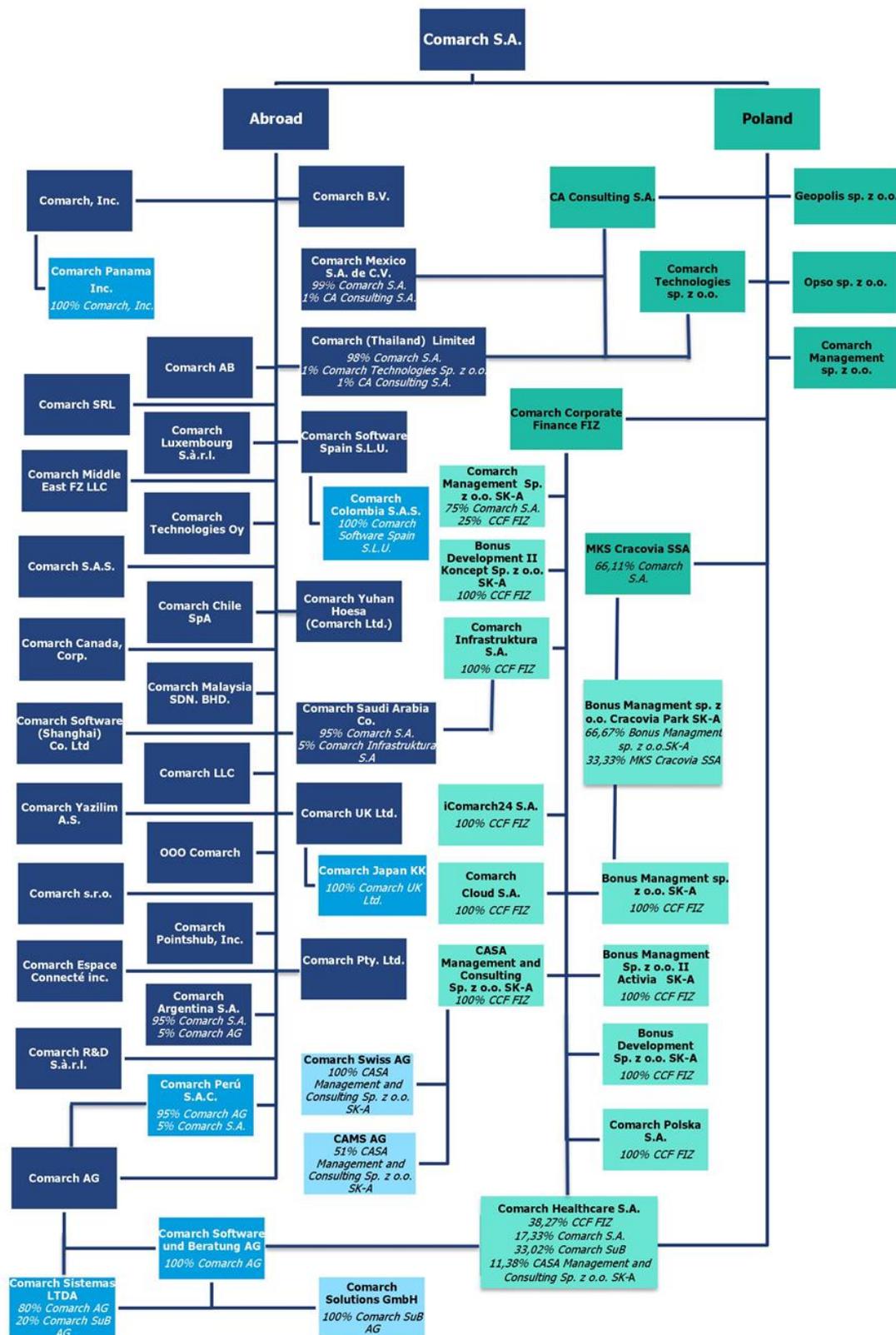


Under the **Horizon 2020** Program, a contract for financing the "LIVING INNOVATION - Implementing RRI through co-creation of smart futures with industry and citizens" - LIV.IN." project was implemented.



17. Capital Affiliations of the Issuer

17.1. Capital Structure of the Comarch Group



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

17.2. Changes in Ownership and Organisational Structure in 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.

17.3. 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).

18. Branches of Comarch S.A.

As at the 31st of December, 9 Comarch S.A. had branches in the following cities: Tirana (branch in Albania), Białystok, Bielsko-Biała, Częstochowa, Gdańsk, Gliwice, Katowice, Kielce, Kraków, Lublin, Łódź, Płock, Poznań, Opole, Rzeszów, Tarnów, Toruń, Warszawa, Włocławek and Wrocław.

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

19. Non-business Activities of Comarch S.A.

19.1. The Scope of the Comarch S.A.'s Impact on the Environment

The Comarch S.A., due to the size of the company and the scope of its activity, exerts a significant influence on its environment, especially in the economic and social spheres. Sustainable development is one of the key foundations of the company's strategy from the very beginning.

Through its activities, the Comarch S.A. exerts particular influence on the following groups of stakeholders:

- **Employees** (full-time employees and co-workers, interns, apprentices, students and potential employees, employees of subcontractors and suppliers, labour inspection and other similar supervisory institutions),
- **Investors** (shareholders, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks, Polish Financial Supervision Authority, KDPW),
- **Customers** (institutional clients, individual clients, business partners, key suppliers, subcontractors, local self-government administration, government administration),
- **Society** (local communities within the Comarch Group's activity, residents, government and self-government authorities, media, universities and research workers, technical and industry organizations),
- **Natural environment** (environmental organizations, recycling companies).

Comarch S.A. provides a detailed description of its impact in the annual report on non-financial information. In this document, the Company assesses the level of significance of aspects of its impact in management, environmental, social and employee areas, assigning to them performance indicators related to Comarch operations prepared in accordance with the guidelines of the Non-Financial Information Standard (SIN) developed by the Reporting Standards Foundation and the Association of Stock Exchange Issuers. The report identifies the principles and policies used by the Comarch Group in relation to social, labour, environmental, human rights and anti-corruption issues. The report also contains information on human resources broken down by age, sex, form and place of employment, as well as data on suppliers and recipients, and thus about processes used within the supply chain

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.

19.2. 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 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 Czysta Złoty Kraków 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;
- 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. 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. Comarch also encourages its employees to participate in external sports events, and the income from many of them is transferred to social purposes.

20. Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions

None present.

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

The Company has not published the results forecast for 2019.

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

22.1. Deferred Tax Assets and Deferred Tax Provisions

In 2019, an asset was established due to temporary differences in income tax in the amount of PLN 228 thousand and at the same time settled an asset in the amount of PLN 350 thousand, a deferred tax provision was established for temporary differences in the amount of PLN 647 thousand and the provision for deferred tax due to temporary differences in the amount of PLN 44 thousand was settled. The total impact of the above operations on the result of 2019 was minus PLN 725 thousand.

The provision for deferred tax related to the valuation of investment certificates in CCF FIZ in the amount of PLN 451 thousand was increased. This provision, as well as the valuation of certificates, is accounted for with revaluation capital.

22.2. Valuation of Exchange 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, decreased revenue and operating profit of Comarch S.A. by PLN 858 thousand (while during the corresponding period in 2018 increased by PLN 6,044 thousand). Exchange rate differences from other activities increased the result of Comarch S.A. by PLN 1,290 thousand (while during the corresponding period in 2018 decreased by PLN 5,245 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 S.A.'s net result by PLN 5,856 thousand (while in the corresponding period of 2018 they decreased it by PLN 1,067 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 6,288 thousand (minus PLN 268 thousand in 2018).

22.3. Write-offs due to Losses in Value in Subsidiaries

As at 31st of December, 2019, Comarch S.A. created write-offs for impairment of shares in subsidiaries in the total amount of PLN 7,845 thousand, of which PLN 5,900 thousand refers to shares in Comarch Healthcare S.A., and the amount of PLN 1,945 thousand PLN of shares in Geopolis Sp. z o.o.

22.4. Received Dividends

In 2019, Comarch S.A. received dividends from subsidiaries (mainly from Comarch UK) in the amount of PLN 37,140 thousand.

22.5. Release of provisions due to contractual penalties and compensations

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 14,040 thousand.

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

None present.

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

On the 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.

Details of the remuneration of entities authorized to audit financial statements have been included in [note 46](#) of the financial statement in additional explanatory notes to the SA-R report 2019 of Comarch S.A.

25. Systems that Control Employees Shares Programmes

None present.

26. 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 S.A. in connection with legal proceedings and matters in disputes, but not legal proceedings can be found in [note 33](#) 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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<https://www.comarch.com/investors/>

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

The Management Board of Comarch S.A. states that to the best of our knowledge, the annual financial statement for the year 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	

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	

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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 2017 a subject to the corporate governance principles set out in the document "Best Practices of WSE Listed Companies 2016" (Annex to Resolution of the WSE Council No 26/1413/2015 of the 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
Inni akcjonariusze	3,517,750	43.25	3,517,750	23.25
Razem	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 shall undertake constant supervision of all areas of the Company's operations. The Supervisory Board shall operate according to the regulations of the Polish Commercial Companies Code, the Company's Articles of Association, the Corporate Governance Principles in force at the Company and the Rules for the Supervisory Board dated the 30th of June, 2003 approved at the Annual General Shareholders' Meeting (and amendments). The detailed operations of the Supervisory Board were presented in the above-mentioned documents.

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

1. The Supervisory Board shall contain three to seven people 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 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 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, 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 modeling and analysis of computer networks and radio networks, participant and manager of many research projects, full professor at the Department of Telecommunications AGH, whose head was in the years 1998 - 2016, currently performs the function Vice-Rector for Science of AGH and is a member of the Electronics and Telecommunications Committee of the Polish Academy of Sciences).

d) The most important rules included in the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A.:

1. The Audit Committee operates in accordance with the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A. adopted on 27th of November, 2017 with Resolution No. 2/11/2017 of the Audit Committee of Comarch S.A.
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.com/files-com/file_280/policy-to-select-auditor-updated.pdf (ENG: https://www.comarch.com/files-com/file_280/policy-to-select-auditor-updated.pdf) It was prepared following an election procedure organized by the issuer that met the issuer's criteria.

The main assumptions of the policy elaborated for the selection of an audit firm to conduct the audit and the policy of the auditing company conducting the audit by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services:

The policy of Comarch S.A. regarding choosing an audit firm for statutory audit of financial statements.

1. In accordance with the regulations in force at the Company, the audit firm is selected by the Supervisory Board in the form of a resolution, acting on the recommendation of the Audit Committee.
2. It is forbidden to introduce any contractual clauses that would require the Supervisory Board to choose an audit firm from among a specific category or list of entities authorized to audit. Such clauses shall be automatically void.
3. The Supervisory Board, when making a selection, and the Audit Committee during the preparation of recommendations, are guided by the following guidelines regarding the audit firm:
 - Confirmation of impartiality, independence and the highest quality of auditing work
 - Knowledge of the IT industry in which the companies of the Comarch 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 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).

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. The accounting for all economic events is computerized and uses a system called EGERIA and XL. This system is protected against unauthorized access and access limitations set according to the function a person performs or the post a person occupies.

Both financial statements and consolidated financial statements are prepared jointly by people working in the accountancy, the capital market, the control and the finance departments under the supervision of the Head Accountant and Chief Financial Officer. Financial statements and consolidated financial statements are audited, and half-year financial statements are reviewed by an independent expert auditor elected by the Company's Supervisory Board.

12. Description of the Diversity Policy

The company makes 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 for employees in Comarch SA, 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 in Comarch S.A. „should be treated equally within the scope of beginning and terminating work, employment conditions, promotion and trainings availability in order to improve professional qualification, in particular regardless of gender,

age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation, and regardless whether employed definite or indefinite time, full-time or part-time." Comarch S.A. 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.

In the composition of a seven-person supervisory board, Comarch S.A. there are four women. The seven-member board of Comarch S.A. only men are involved, which is primarily associated with the nature of the company's operations and the specifics of the IT industry, in which men make up the vast majority. It should also be emphasized that current members of the Comarch SA Management Board are people associated with the Company for many years, (management positions over 5 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 changes in the participation of women in this management body.

Comarch S.A. 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. 30% of employees employed by the Comarch S.A. and about 24% of the management staff of the Company, which is a high proportion of women in total employment, especially taking into account the technical nature of Comarch S.A.

The age structure of the Company is very diverse. Comarch S.A. employs a lot of people under 30, which is typical for the industry. Persons in managerial positions are usually in the 30-50 age group, which also characterizes the management board and the supervisory board.



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.

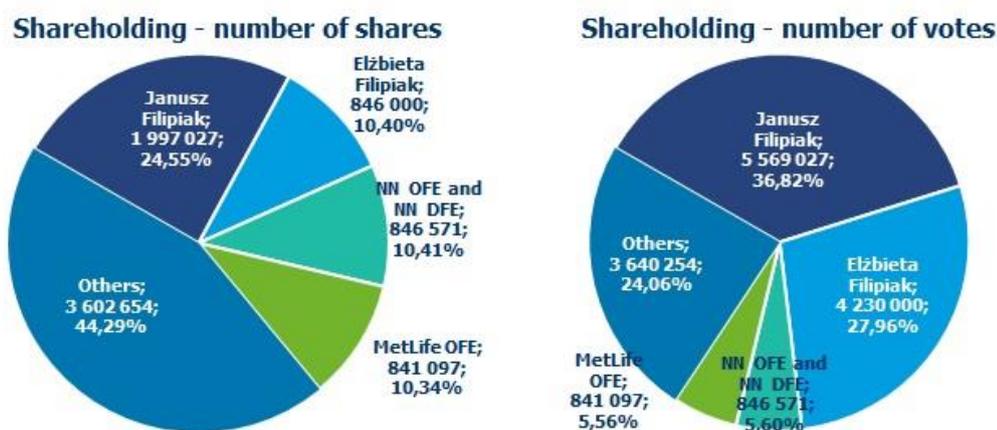
When planning its development strategy, Comarch takes into account social and environmental aspects consciously limiting the impact of its operations on the natural environment, minimizing the consumption of natural resources and limiting the generation of waste generated as a result of the current activity.

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

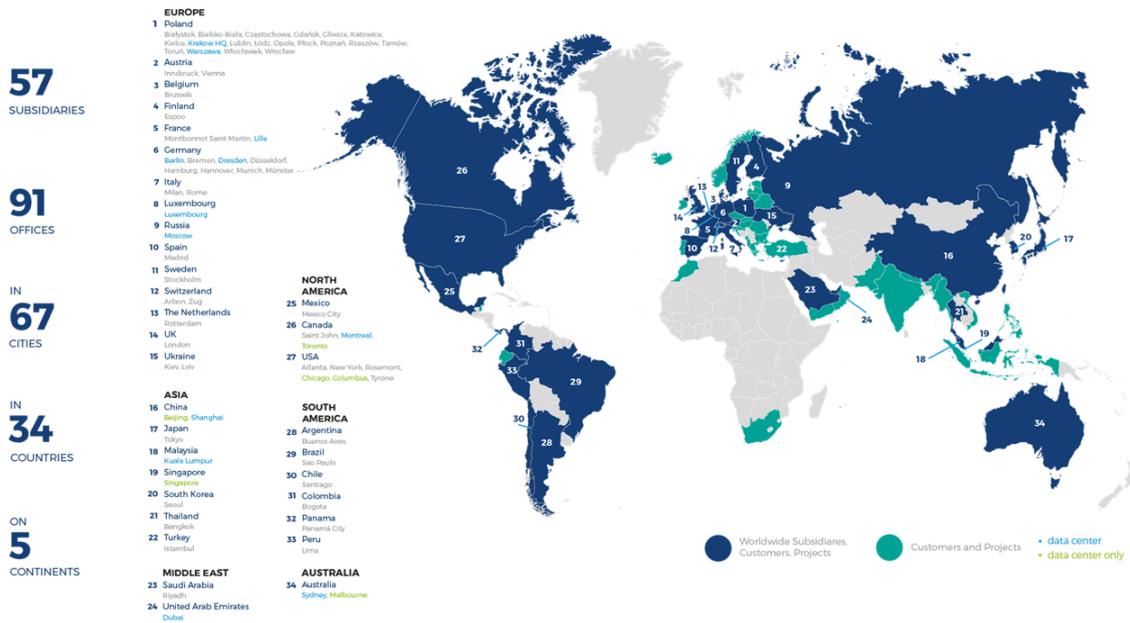


2.2. The Scope of Activity of the Comarch Group in the World

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:



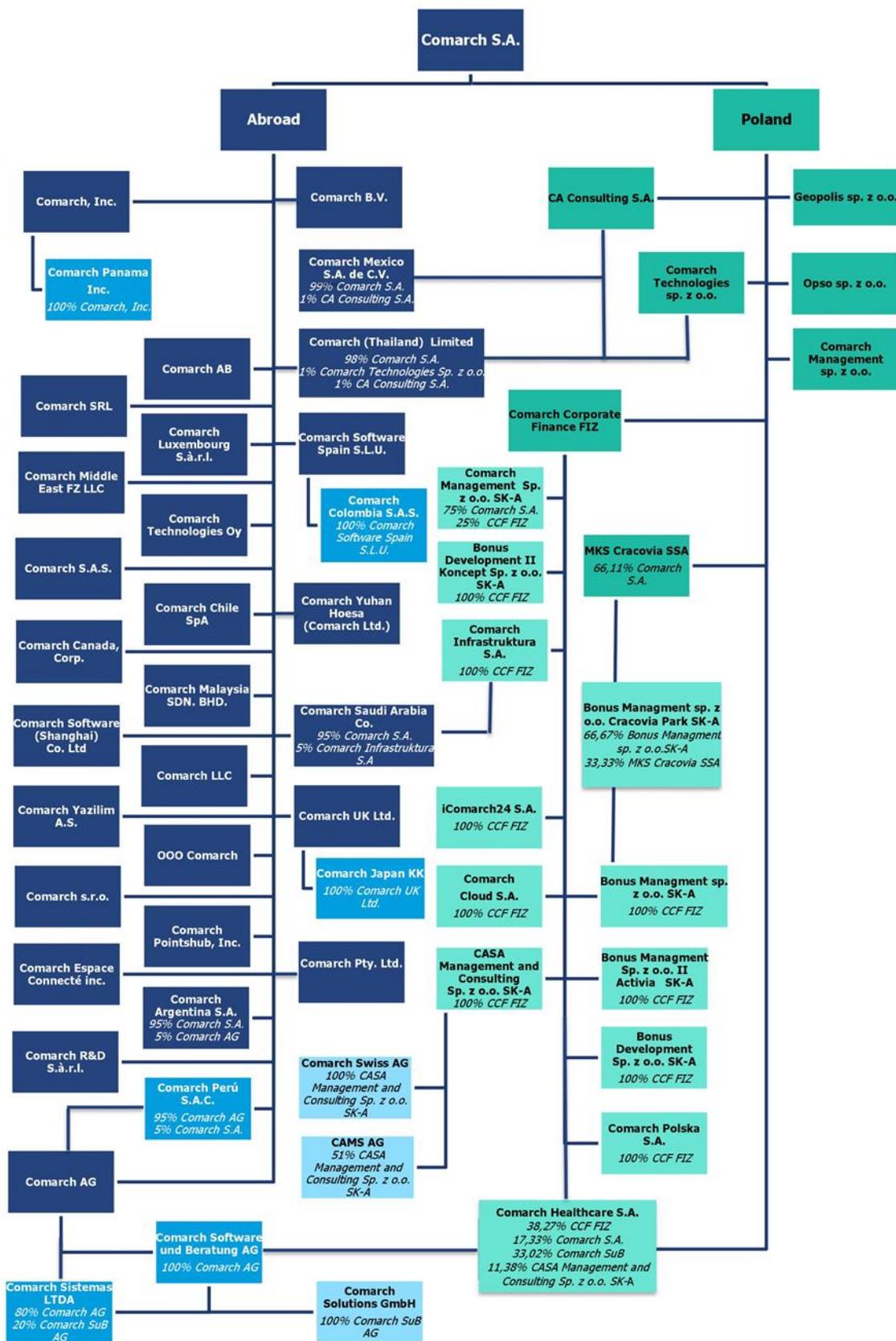
Comarch provides comprehensive data centre services embracing the provision and maintenance of complex system platforms, including hardware, software and administration.

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.



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

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.

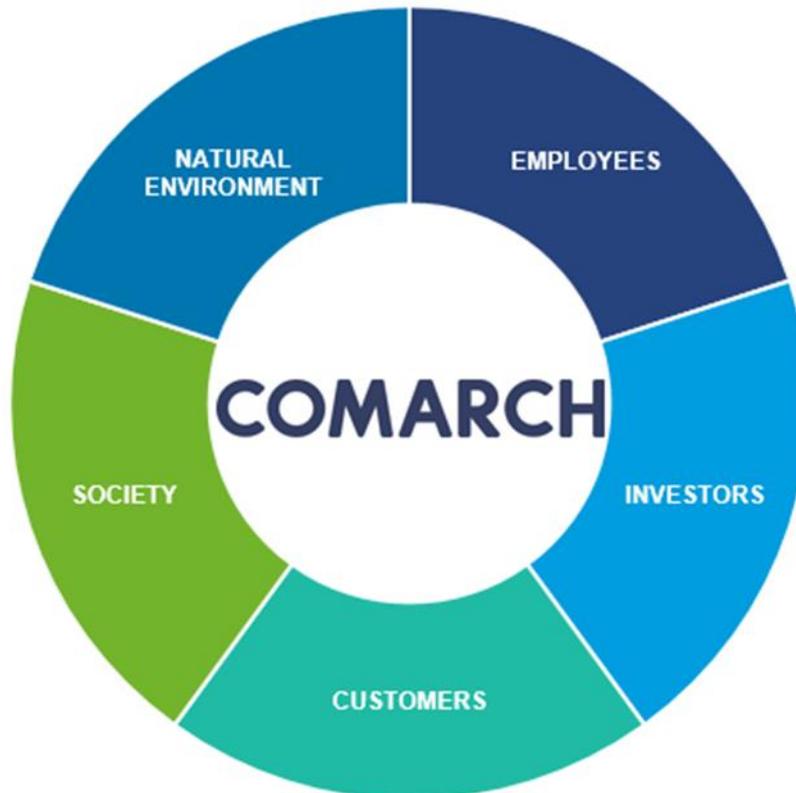
Comarch was included by analytical firm Forrester in the February 2019 report on B2B Customer Engagement Marketing (CEM) solution providers. After analysing more than twenty different vendors in terms of size, performance and focus on after-sales marketing, Forrester has recognized Comarch, which is 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/zrownowazon-y-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/zrownowazony-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
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%

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.

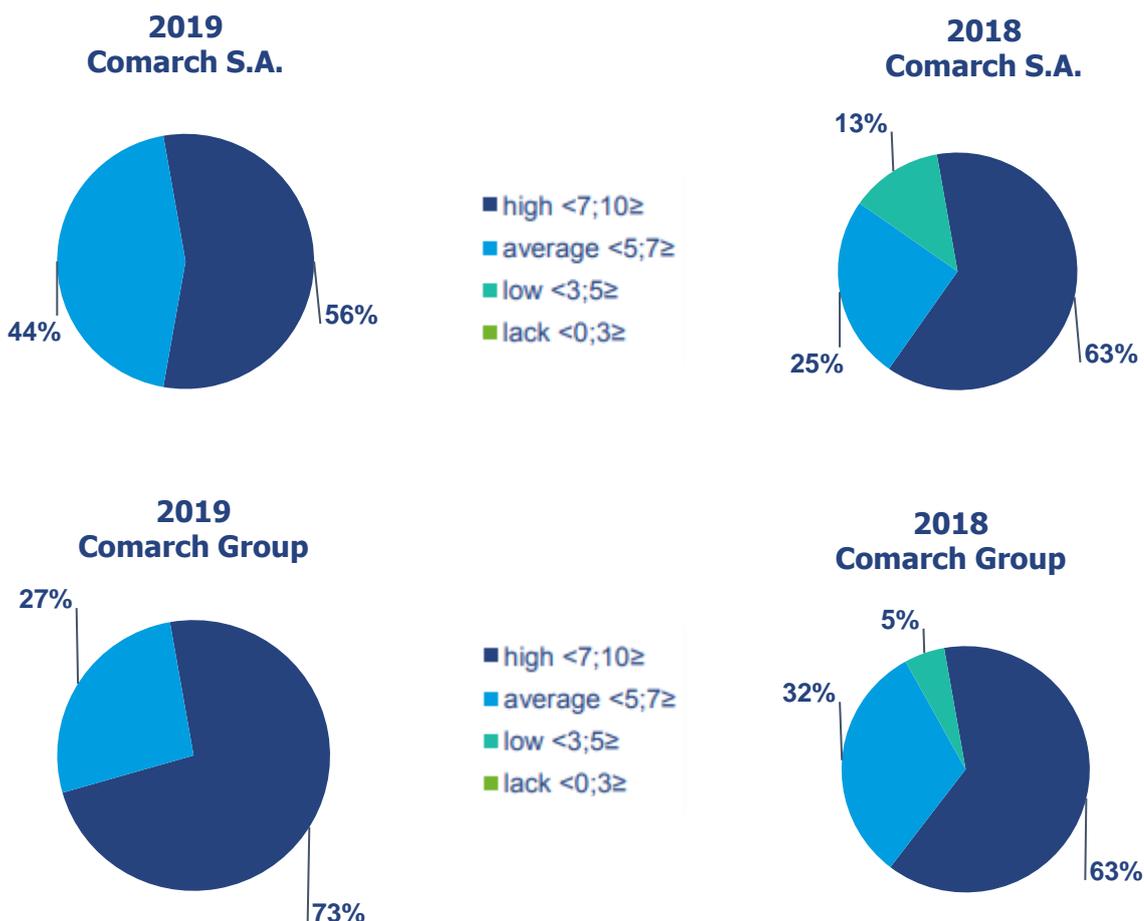
Phases of customer satisfaction survey:

- 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.

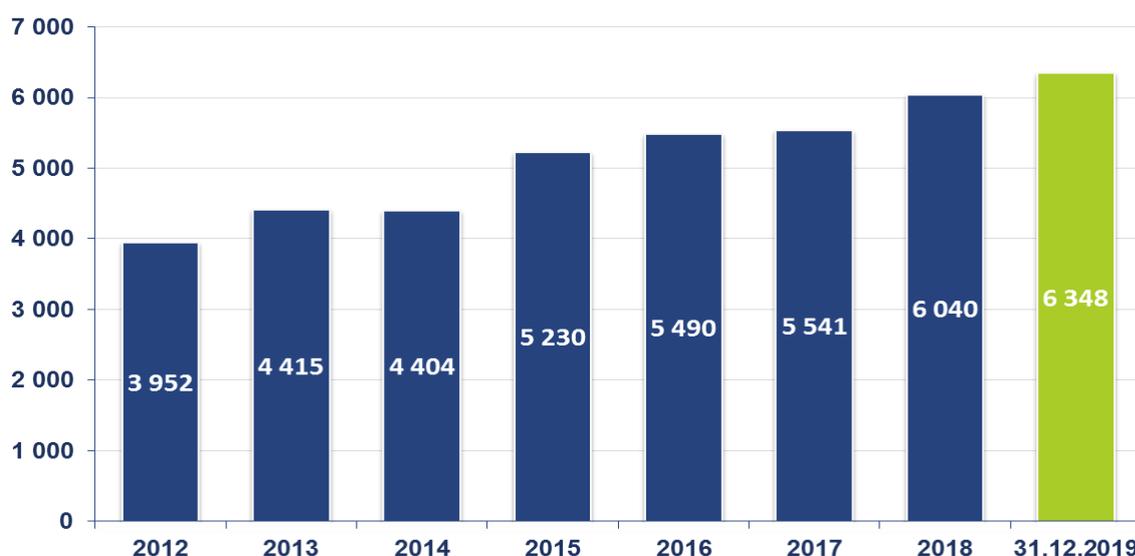
Neither Comarch S.A. nor other Comarch companies has been subjected to any penalties related to improper product labelling. There were also no cases of non-compliance related to the incorrect labelling of the product.

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

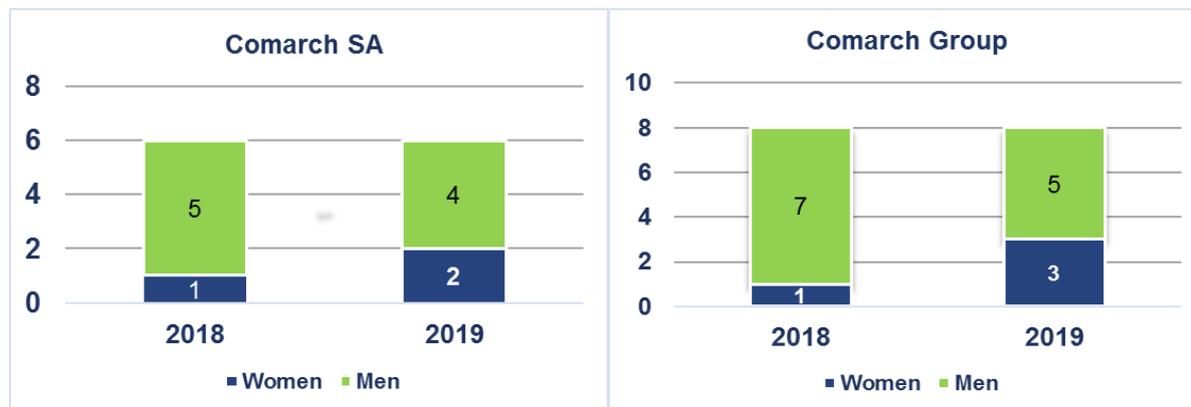
In the Comarch Capital Group, accidents at work are examined in accordance with applicable regulations by an accident team composed of employees of the OHS service and Employee Representatives. Protocols for determining the circumstances and causes of accidents are approved by the Employer. The register 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

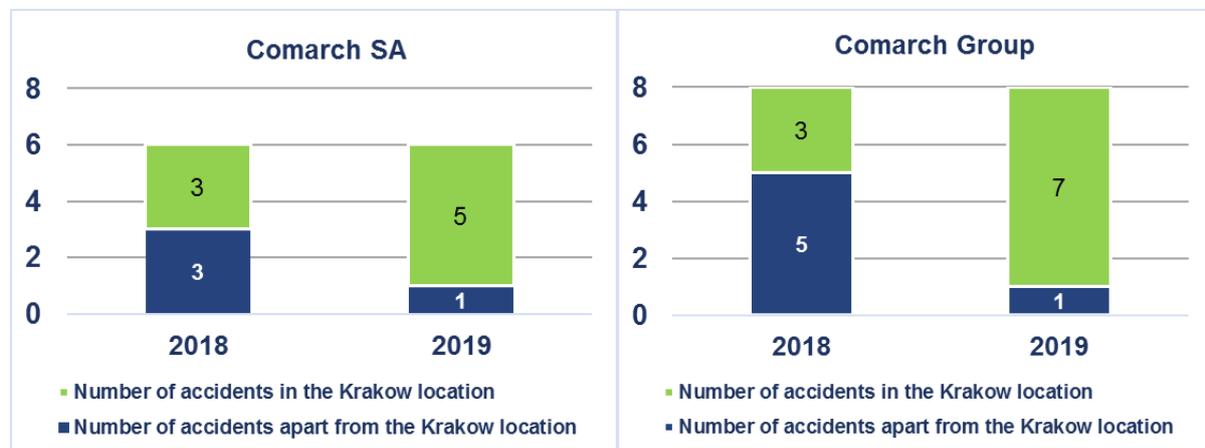
Comarch estimates the accident rate, i.e. the sum of accidents occurring during the year, presented by means of indicators. These indicators make it possible to compare and evaluate a company in terms of accident rates. Two measures are used: the rate and the severity of accidents.

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.

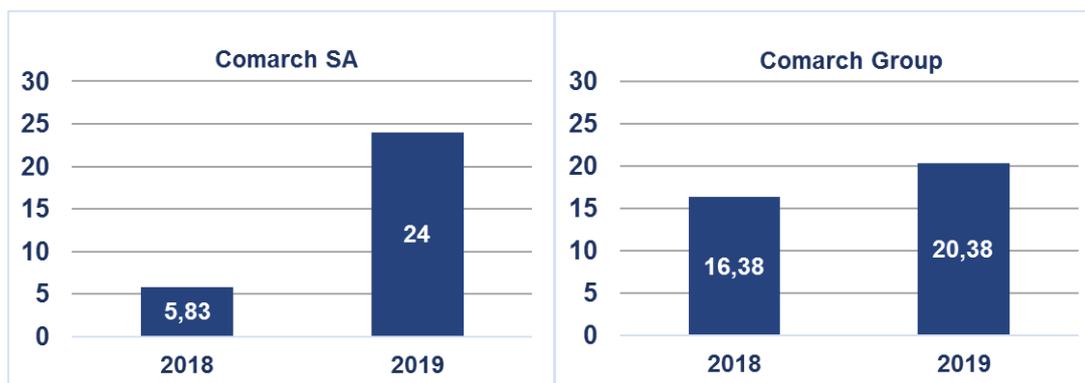
Tab.1. Indicators related to accidents at work:

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

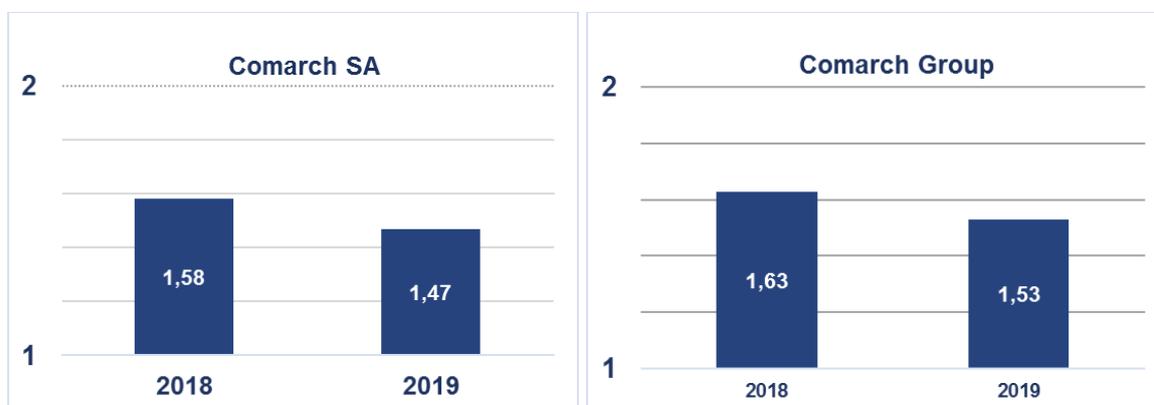
Summary of the number of accidents at work and treated as accidents at work, broken down into accidents in Krakow and other locations in 2018-2019



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.

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.

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.

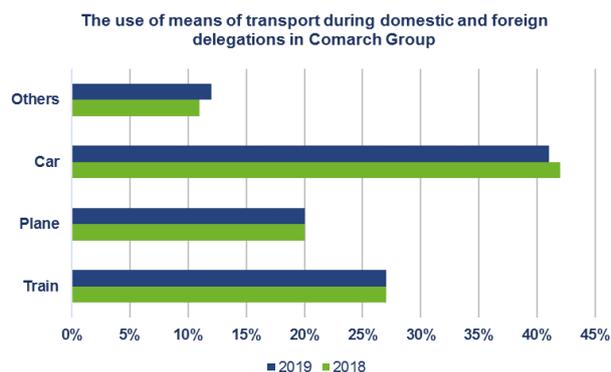
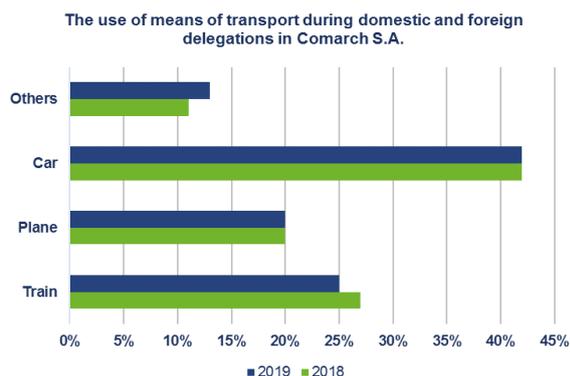
Comarch, taking care of both the environment and the reduction of costs related to transport, shortens the supply chain to the maximum by applying the principle of delivery directly from the distribution point to the end user or business partner, wherever possible, i.e. where no intervention is required 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/ <u>medium</u> /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/ <u>medium</u> /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/ <u>medium</u> /low	E.8.1., E.8.2., E.8.3.
	Use of public aid and public orders	High/medium/ <u>low</u>	S.1.1., S.1.2.
	Employment level and remuneration level	High/ <u>medium</u> /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/ <u>medium</u> /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	<u>High</u> /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/ <u>medium</u> /low	S.5.1., S.5.2.
	Diversity management	High/ <u>medium</u> /low	S.6.1., S.6.2., S.6.3., S.6.4.
	Human rights	<u>High</u> /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/ <u>medium</u> /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
G.2.2.	LIST OF MANAGEMENT SYSTEM CERTIFICATES (e.g. ISO 9001, ISO 14001, OHSAS 18001)	15
G.2.3.	DESCRIPTION OF THE EXPORT CONTROL SYSTEM POLICY, WITH INDICATED MONITORING OF SOCIAL AND ENVIRONMENTAL ASPECTS OF ACTIVITY	17,27
G.3.1.	DESCRIPTION OF THE APPROACH TO RISK MANAGEMENT AND INCLUSION OF SOCIAL AND ENVIRONMENTAL ASPECTS	17,18,20,22,23,26,28
G.3.2.	LIST OF IDENTIFIED SOCIAL OR ENVIRONMENTAL RISKS ALONG WITH THEIR SHORT CHARACTERISTICS	16,17,19,21,22,23,26,28
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G.4.2.	NUMBER OF ETHICAL AUDITS COMPLETED WITH SUPPLIERS, NUMBER OF AUDITS ENDED IN THE IDENTIFICATION OF IRREGULARITY	22
G.4.3.	NUMBER OF ETHICAL AUDITS COMPLETED IN THE ORGANIZATION ON THE REQUEST BY ITS RECIPIENTS, NUMBER OF AUDITS COMPLETED WITH THE IDENTIFICATION OF IRREGULARITY	23
G.4.4.	NUMBER OF SUPPLIERS WHO HAVE SIGNED THE ETHICS CARD / OBLIGATION TO COMPLY WITH THE ETHICAL STANDARDS OF THE ORGANIZATION	22
G.4.5.	NUMBER OF GRIVENCE IN REFERENCE TO POTENTIAL VIOLATION OF SPECIFIC STANDARDS (IF POSSIBLE, WITH REGARD TO DECLARATIONS FROM THE INSIDE / OUTSIDE OF THE ORGANIZATION)	22

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II. Environmental Area (E)

E.1.1	TYPE AND QUANTITY (SEPARATE BY WEIGHT, VOLUME) OF THE USED RAW MATERIAL / MATERIAL (WITH AN INDICATION OF THOSE FROM RENEWABLE / RECYCLED SOURCES / HAVING CERTIFICATES OF SUSTAINABLE DEVELOPMENT	62
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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 and the 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 Company and gave its opinion on Comarch S.A.'s ongoing and planned activities. In particular, the Supervisory Board reviewed the quarterly, semi-annual and annual financial statements of the Comarch S.A. 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 financial statements published by the Company. The Audit Committee of the Supervisory Board also held meetings with representatives of the entity authorized to audit and review the financial statements of Comarch S.A. Based on the actions taken, the Supervisory Board states that the financial statements and the report on the operations of the Company 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 and the financial statement are consistent with the books, documents and the actual situation.

Krakow, 24th of April, 2020

Name and surname	Position	Signature
Elżbieta Filipiak	Chairman 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	Chairman 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	