

# COMARCH

REPORT OF  
COMARCH S.A.'s MANAGEMENT BOARD  
REGARDING THE ACTIVITIES IN 2013

KRAKOW, 30TH APRIL 2014

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## 1. Information about the Company

Name of the company: Comarch Spółka Akcyjna („Company”)  
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 Regon (the National Official Register of Business Entities): 350527377  
 Tax identification number (NIP): 677-00-65-406

### 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 8,051,637 shares at total nominal value of PLN 8,051,637. According to the information possessed by Comarch S.A., as at 31<sup>st</sup> of December, 2013, shareholders holding at least 5% of votes at the company's AGM are Janusz Filipiak and Elżbieta Filipiak.

Shareholders	Number of shares	% of share capital	Number of votes at the company's AGM	% of votes at the company's AGM
Janusz Filipiak	2,620,010	32.54	6,192,010	41.16
Elżbieta Filipiak	846,000	10.51	4,230,000	28.12
Other members of the company's Management Board	96,193	1.19	133,793	0.89
Other shareholders	4,489,434	55.76	4,489,434	29.83
<b>Total</b>	<b>8,051,637</b>	<b>100.00</b>	<b>15,045,237</b>	<b>100.00</b>

### AFTER THE BALANCE SHEET DATE

On the 31<sup>st</sup> of March, 2014, the District Court for Kraków-Śródmieście, the Eleventh Economic Division of the National Court Register registered increase in the company's share capital to the amount of PLN 8,125,590.00 in relation to issuance of 73,953 ordinary bearer series K3 shares in order to execute managerial option program for key employees. After this increase the company's share capital is divided into 8,125,590 shares. It corresponds to 15,119,190 votes at the company's AGM.

Shareholders	Number of shares	% of share capital	Number of votes at the company's AGM	% of votes at the company's AGM
Janusz Filipiak	2,669,315	32.85	6,241,315	41.28
Elżbieta Filipiak	846,000	10.41	4,230,000	27.98
Other members of the company's Management Board	120,841	1.49	158,441	1.05
Other shareholders	4,489,434	55.25	4,489,434	29.69
<b>Total</b>	<b>8,125,590</b>	<b>100.00</b>	<b>15,119,190</b>	<b>100.00</b>

### 1.2. Comarch S.A.'s Board of Supervisors and Management Board

#### a) Members of Comarch S.A.'s Board of Supervisors as at 31<sup>st</sup> of December, 2013:

Name and surname	Position	Number of Comarch S.A. shares	Nominal value
Elżbieta Filipiak	Chairman of the Supervisory Board	846 000	PLN 846 000
Maciej Brzeziński	Vice-Chairman of the Supervisory Board	-	-
Danuta Drobniak	Member of the Supervisory Board	-	-
Wojciech Kucharzyk	Member of the Supervisory Board	-	-
Anna Ławrynowicz	Member of the Supervisory Board	-	-
Anna Pruska	Member of the Supervisory Board	-	-

Tadeusz Syryjczyk was member of the Supervisory Board of Comarch S.A. till the 26<sup>th</sup> of June, 2013. On the 26<sup>th</sup> of June, 2013, the Annual General Meeting of Comarch S.A. passed resolutions on election of members of the Supervisory Board of Comarch S.A. (RB 13/2013 dated the 26<sup>th</sup> of June, 2013): Elżbieta Filipiak – Chairman of the Supervisory Board, Maciej Brzeziński – Vice-Chairman of the Supervisory Board, Danuta Drobnik- member of the Supervisory Board, Wojciech Kucharzyk- member of the Supervisory Board, Anna Ławrynowicz- member of the Supervisory Board, Anna Pruska- member of the Supervisory Board.

#### AFTER THE BALANCE SHEET DATE

None present.

#### b) Members of Comarch S.A.'s Management Board as at 31<sup>st</sup> of December, 2013:

Name and surname	Position	Number of Comarch S.A. shares	Nominal value
Janusz Filipiak	President of the Management Board	2,620,010	PLN 2,620,010
Piotr Piątosza	Vice-President of the Management Board	16,845	PLN 16,845
Paweł Prokop	Vice-President of the Management Board	33,000	PLN 33,000
Piotr Reichert	Vice-President of the Management Board	6,069	PLN 6,069
Zbigniew Rymarczyk	Vice-President of the Management Board	28,141	PLN 28,141
Konrad Tarański	Vice-President of the Management Board	6,069	PLN 6,069
Marcin Warwas	Vice-President of the Management Board	6,069	PLN 6,069

On the 26<sup>th</sup> of June, 2013, the Annual General Meeting of Comarch S.A. passed resolutions on election of members of the Management Board of Comarch S.A. (RB 14/2013 dated the 26<sup>th</sup> of June, 2013): Janusz Filipiak - President of the Management Board, Piotr Piątosza – Vice-President of the Management Board, Paweł Prokop – Vice-President of the Management Board, Piotr Reichert – 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.

#### AFTER THE BALANCE SHEET DATE

On the 31<sup>st</sup> of March, 2014, the District Court for Kraków-Śródmieście, the Eleventh Economic Division of the National Court Register registered increase in the company's share capital to the amount of PLN 8,125,590.00 in relation to issuance of 73,953 ordinary bearer series K3 shares in order to execute managerial option program for key employees. After this increase the company's share capital is divided into 8,125,590 shares. It corresponds to 15,119,190 votes at the company's AGM.

Name and surname	Position	Number of Comarch S.A. shares	Nominal value
Janusz Filipiak	President of the Management Board	2,669,315	PLN 2,669,315
Piotr Piątosza	Vice-President of the Management Board	20,953	PLN 20,953
Paweł Prokop	Vice-President of the Management Board	37,108	PLN 37,108
Piotr Reichert	Vice-President of the Management Board	10,177	PLN 10,177
Zbigniew Rymarczyk	Vice-President of the Management Board	32,249	PLN 32,249
Konrad Tarański	Vice-President of the Management Board	10,177	PLN 10,177
Marcin Warwas	Vice-President of the Management Board	10,177	PLN 10,177

Michał Bajcar, Dariusz Durałek, Anna Kleszcz and Maria Smolińska are the company's proxies.

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

On 28<sup>th</sup> of June, 2010, the Annual General Meeting of Shareholders passed Resolution no. 23 on the managerial options programme for company's Key Employees for 2011-2013. The program was executed

through offers of newly-issued shares in the company in 2012, 2013 and 2014 to Key Employees. More details were presented in point 14.2 of the statement.

The difference between the average capitalisation in December, 2013 and the average capitalisation in December, 2012 is negative, which means that the basic condition of the programme has been met. As a result, shares for members of the Management Board and Key Employees were issued in 2014.

On 26<sup>th</sup> of June, 2013, the Annual General Meeting of Shareholders passed Resolution no. 36 on the managerial options programme for company's Management Board managing Capital Group in 2015-2017. The program will be executed through offers of newly-issued shares in the company in 2015, 2016 and 2017 to the company's Management Board. More details were presented in point 14.2 of the statement.

**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.

## 2. Basic Economics and Financial Values

### 2.1. Selected Financial Data

	2013	2012	2011	2010	2009	2008	2007
Revenues from sales	637,692	666,859	567,673	559,453	495,512	615,379	530,326
Operating profit	51,305	62,392	53,748	75,219	59,253	35,448	34,322
Net profit	45,584	41,604	55,191	68,470	51,351	39,144	25,823
Profit per share	5.66	5.17	6.85	8.53	6.45	4.92	3.24
Assets	1,009,603	1,060,650	953,265	880,873	772,192	732,520	506,314
Book value	661,046	629,386	609,697	559,208	494,119	456,784	264,948
Book value per share	82.10	78.17	75.72	69.45	62.07	57.38	33.28

Over 2013, revenues from sales decreased by 29.2 million PLN, i.e. 4.4% compared to the previous year. Operating profit reached 51.3 million PLN and it was lower by 17.8% compared to operating profit in 2012. Net profit grew by 9.6% compared to that in 2012. EBIT margin decreased from 9.4% to 8.0% and net margin increased from 6.2% to 7.1%.

### 2.2. Employment and Production Capacity of the Group

As at 31<sup>st</sup> of December, 2013, in Comarch S.A. there were 3,448 employees compared to 3,062 persons as at 31<sup>st</sup> of December, 2012.

Average employment in Comarch S.A. from 2009 to 2013 is presented in tables below:

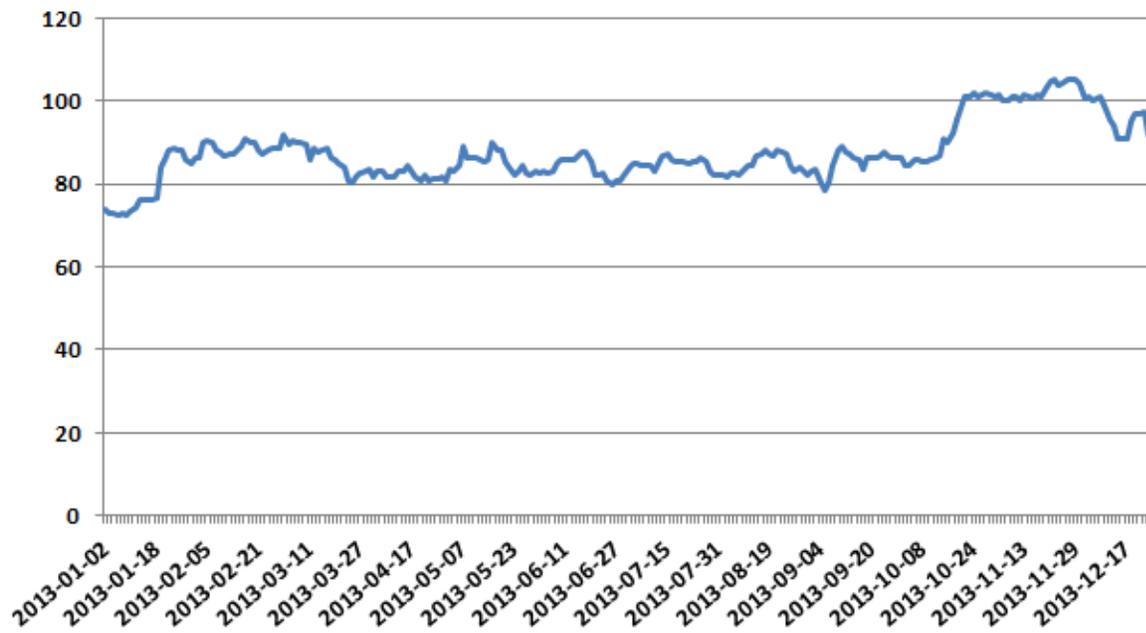
	2013	2012	2011	2010	2009
<b>Number of employees:</b>					
- full-time	2,675	2,426	2,210	2,257	2,096
- co-workers	651	535	480	437	449
<b>Total</b>	<b>3,326</b>	<b>2,961</b>	<b>2,690</b>	<b>2,694</b>	<b>2,545</b>

	2013	2012	2011	2010	2009
<b>Employees:</b>					
- production employees and technical consultants	2,730	2,377	2,098	2,168	2,020
- marketing and sales	306	302	293	255	268
- management and administrative employees	290	282	299	271	257
<b>Total</b>	<b>3,326</b>	<b>2,961</b>	<b>2,690</b>	<b>2,694</b>	<b>2,545</b>

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.

### 2.3. Comarch S.A. Stock Price Performance

## 2013



Period	The highest	The lowest
Q1 2013	92.00	72.40
Q2 2013	90.00	79.72
Q3 2013	89.00	78.37
Q4 2013	105.20	84.30

In 2013, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange increased by 32% from PLN 73.50 to PLN 97.00.

### 3. Products and Services Offered by Comarch in 2013

Comarch is a producer of innovative IT systems for key sectors of economy: telecommunications, finance and banking, public administration, 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 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.

#### TELECOMUNICATION SECTOR

Since 1993, Comarch has helped numerous telecommunication service providers to optimize their business, shorten time to market and enhance customer experience, with the help of end-to-end portfolio of products and solutions designed to streamline the crucial areas of the telecom business.

The product portfolio covers all areas of the TMF Telecom Applications Map (TAM).

#### PRODUCTS

##### CUSTOMER MANAGEMENT

- **Comarch Corporate Self Care** provides online ordering, data management and reporting for corporate customers. But it is also a telecom expense management solution.
- **Comarch CRM for Telecoms** enables managing relationships with a customer, designed especially for telecommunication business. The solution is designed to integrate well with the existing OSS/BSS architecture. This flexible product for telecom operators provides a single customer view and automates key sales, marketing and customer care processes.
- **Comarch Loyalty Management** enables managing loyalty programs created for both individual and business customers. Thanks to its intuitiveness and fluency of service, it enables defining and administering, among others, client accounts, contacts, rewards and promotions.
- **Comarch Self Care** enables customers of all sorts of telecommunication services acquiring information on their accounts, activation and deactivation of services and data exchange with a call centre.

##### REVENUE MANAGEMENT

- **Comarch Convergent Billing** is a technologically advanced tool enabling an operator within billing area. It is a high capacity, scalable billing system which can process quantities of data. User-friendly interface ensures it is easy-to-use. The system provides new generation services thanks to 3G technology, which is based on events that may be configured for the needs of IP, VoIP, GPRS and UMTS services.
- **Comarch Service Controller Module** enables telecom operators to control digital services in real-time, as well as to manage complex integrations between the IT and the network equipment via a range of interfaces.

- **Comarch BSS Mediation** is a system supporting any kind of service and providing the chargeable data to any billing system. This solution enables data de-duplication, data filtering, data correlation, etc., and supports different data processing scenarios.
- **Comarch Policy & Charging Rules Function** is a solution for controlling network resources, introduction of tariff plans customised to services and management of network congestion.
- **Comarch Voucher and Top-up Management** is an independent component which supports mobile and IP operators with the management of vouchers and recharging of user accounts.

## PRODUCT MANAGEMENT

- **Comarch Product Catalogue Management Comarch Central Product Manager** speeds up new product launches by providing a single place for managing your product catalogue and product life cycle. The product deals with offers and product specifications, defines relationships between various products, and specifies which of these are exclusive or sold only as a component of a bigger package.

## SERVICE FULFILLMENT

- **Comarch Next Generation Service Fulfilment** helps CSPs automate their service fulfilment & delivery processes. The solution assumes, among others, building services from pre-defined components.
- **Comarch Next Generation Service Assurance** enables a telecom operator to monitor complex services, automatically find problem root causes. As a result, it enables strong correlation engine to assure clear data presentation and root cause analysis.
- **Comarch Customer Experience Management** provides information on service quality by providing an insight into customers' perception of services. This also brings an additional benefit of pro-activeness deriving from the ability to monitor the network and predict the impact of network faults on customer services.
- **Comarch Service Monitoring** enables monitoring of complex services implemented over various network technologies and management domains.
- **Comarch Service Quality Management** allows for modelling services and their monitoring, as well as measuring the service quality by indexes and statistics from the perspective of the network impact and is presented on the customer level.
- **Comarch SLA Monitoring** allows to manage service level agreements ("SLA") and monitors whether a telecom operator fulfils conditions resulting from SLA prioritises network defects.
- **Comarch Service Inventory** enables management of network services and streamlines the service management process in fulfilment and assurance areas.
- **Comarch OSS Process Management** enables the fully monitored and controlled execution of all management processes within the Operations, Fulfilment and Assurance areas.

## RESOURCES MANAGEMENT

- **Comarch Next Generation Network Planning** is a solution enabling planning and management of mobile network, including radio, transport and wire network. It enables simplification and automatization of network tasks through integration of planning, optimization and management of network configuration.
- **Comarch Network Inventory** stores the complete information about network resources and presents current, historical and future state of telecommunications/IT networks.
- **Comarch Fault Management** enables effectively control identification of problems and failures in telecommunication network. Through continuous monitoring of all elements of the network, displays and efficiently tracks alarms.
- **Comarch Performance Management** plays a significant role as a source of network metrics used by SQM for quality of services calculation, and for providing drill-down capability to pin down network performance issues causing customer experience problems.
- **Comarch Field Service Management** is a complete solution for scheduling, staffing, managing, and supporting workforce in the field. Efficiency is achieved by selecting the most suitable resources for each task as well as accounting for scheduling issues.
- **Comarch OSS Mediation** provides integration of the physical infrastructure of the network with Comarch OSS Suite. The system's goal is to reduce network complexity while keeping the service and customer base intact.

## SUPPLIER / PARTNER MANAGEMENT

- **Comarch Inter-Partner Billing** enables service providers to exchange settlements and invoices, and share revenue or costs with other service providers. The system also facilitates managing relations with other business partners.
- **Comarch Roaming Agreement Management** is a comprehensive suite of tools for managing roaming agreements, costs and profits related to a telecom operator's business, as well as managing relations with roaming partners.
- **Comarch Commission & Incentive** enables telecoms managing multichannel sales and implementation of their own rules for commissions.

## SOLUTIONS AND SERVICES

Comarch supplements its offer with a wide range of solutions and services. Thus, company offers complex service to telecommunication operators. Comarch solutions are created and developed with focus on specific business areas, and use a dedicated set of Comarch COTS products as well as knowledge gained from numerous project implementations in Poland and Europe.

## DIGITAL SERVICES

- **Digital Ecosystem Management** is a platform that enables communication service providers to comprehensively manage the entire digital service value chain, from service inception, through its modelling and management, launching commercial product offers in sales channels, to managing relations and settlements with all involved partners.

- **Cloud Service Management** supports NG telecom operators in offering Cloud-based services in multiple business scenarios, including offering provisioning and customer support, billing for partner-branded applications, and a white labelling scenario, where all applications / services are sold under the operator's own brand.
- **M2M Platform** is a complex solution supporting mobile operators in entering and succeeding in the M2M (Machine-to-Machine) market. It enables them to provide M2M services, SIM cards and managing M2M.
- **Smart BSS Suite** is a compact platform for managing network and telecommunication business. This solution covers activating, controlling and billing such services in addition to monitoring and reporting.

### CUSTOMERS SATISFACTION

- **Customer-driven OSS** enables such a transformation of OSS environment in order to provide a customer's satisfaction which has become lately the main differentiator between various telecom service providers. It enables switching the perspective from network resources to customer experience.
- **Introduction of B2B** services is a solution designed for managing services offered to enterprise customers, ensuring the highest quality of enterprise customer service; dedicated for departments supporting corporate and strategic customers, in particular for global companies.
- **Comarch Order-To-Cash Automation** is created to automate and thus speed up the end-to-end process, which starts from customer order capture and goes through service, network provisioning and activation and ends at billing the customer.
- **Loyalty & Engagement Suite** has been designed to help telecom operators increase customer loyalty and prevent churn. Its integrated mechanisms help you make your customers remain loyal and improve their experience with your brand.

### COSTS OPTIMIZATION

- **Managed Services** is a comprehensive offer including outsourcing system and / or process management. Comarch's offer of Managed Services includes advantageous methods of settlements: on the basis of actual use of systems or verified against agreed KPIs included in contracts.
- **End-to-end project delivery** is a service which, in addition to delivery of a system to a customer, encompasses the following services: requirement analysis and solution design, training, implementation and integration, as well as maintenance and support.
- **BSS/OSS Transformations** is a service where Comarch is committed to participate in a telecom operators' transformation processes and IT environment analysis, by defining business requirements, offering a properly defined suit of IT systems, their hosting in data centre or taking the responsibility for success of the transformation within the frame of Managed Services model (see above).
- **Outsourcing** is delivered by Comarch in the form of outsourcing of processes, R&D or systems, through their hosting in Comarch Data Centre (IaaS/PaaS model) from hosting and recovery centre.

## IMPROVEMENT OF NETWORK OPERATIONS

- **Network planning automation** is a complex tool for management of network infrastructure planning, making OSS landscape leaner and defining processes related to planning and development of the network.
- **Network optimization** is based on a multi-source analysis and demands the correlation of data from various measurement, reporting and planning systems. The platform enables users full network optimization while monitoring both the technical indicators and those related to network quality, as perceived by clients.
- **Comarch Self-Organizing Network (SON)** enables automation of network failures management and optimisation of network processes, thus operators may not only diminish OPEX, but also shorten time to market for new technologies and network services.
- **Software Defined Networking (SDN)** is perceived as a disruptive technology that promises to reduce OPEX/CAPEX and, more importantly, to unleash innovation in the service and application domain, leading to better network monetization.

## MOBILE FOR COMPANIES

- **Application Creation** for companies enables designing of mobile applications from travelling assistance, through mobile search and community building to security and business solutions. The scope of services is defined according to business requirements of an each customer.
- **User Experience Consultancy** renders a comprehensive analysis of behaviours and profiles of users in order to design applications friendly to end users.
- **Application Quality Assurance** is a complex planning and management of a process testing the mobile applications and IT systems.
- **Certification Automation** enables effective management of certification process for devices and application. It allows checking and automatic issuing certificates of conformity on the basis of approved requirements.

## CONVERGENCE

- **MVNO Solution** is an end-to-end system aimed at MVNOs (Mobile Virtual Network Operators) that supports all the business needs of such an operator.
- **MVNE Solution** is aimed at companies delivering services to MVNO operators. The solution performs tasks related strictly to telecommunications (e.g. integration with a Mobile Network Operator), as well as those related to ERP.
- **Cable and Multi-Play Solution** is a comprehensive offer consisting of many BSS modules integrated and configured having in mind needs of a cable operator. It was build based on Comarch experience from many implementations for this kind of companies.

## **FINANCE, BANKING AND INSURANCE SECTOR**

**Comarch Business Process Management** is a modern system designed for modelling and managing business processes in any institution. CBPM is also an integration platform based on mature and flexible architecture, that supports the connection of various distributed applications such as transactional systems, CRM, contact centre, data warehouses and document archives.

**Comarch Internet Banking** guarantees clients from all segments access to services offered by the bank, 7 days a week, 24 hours a day, using the internet and smartphone type mobile phone. Thanks to integration with various central systems, it is a universal, complete, efficient and safe supplement to the bank's IT environment. The Comarch Internet Banking platform offers solutions, which carry out financial services through the self-service channel, fulfilling large expectations of banks, brokerage houses, investment funds and other financial institutions. It is also an integration platform which links services and products offered by one financial institution, or by a whole financial group, into a whole.

**Comarch Host-2-Host Banking** is a platform that constitutes an additional channel of communication with business customers. Comarch H2H provides the connection between the bank's systems and client's internal ERP software. Owing to H2H service, communication and mass transaction processing is fully automated, thus releasing bank clients from time-consuming export file generation, import handling and data processing.

**Comarch Personal Finance Management (PFM)** is a module for online banking. PFM is a solution enabling to manage personal finance and providing account aggregation giving consumers a view of their total financial relationship.

**Comarch Mobile Banking** - mobile financial services, which are becoming increasingly popular, are a natural consequence of technological advances. Comarch created an application which allows the managing of finance using mobile devices. Thanks to Comarch Mobile Banking, a money transfer, investment task, balance check or other banking operations are possible using a mobile phone.

**Comarch Smart Finance** a solution that provides intuitive personal finance management addressed to retail bank customers. It analyses customer financial habits and predicts monthly cash flows. Owing to such an advantage, customer personal preferences are recognized and bank offers customized individually. Without unwelcome sales pitches, customers receive relevant, highly personalized offers. Comarch Smart Finance combines functionalities of online banking and personal finance management in one solution that guides customers to financial fitness and help them make sound financial decisions – anytime and anywhere.

**Comarch Front End (CAFE)** - the integrated work environment of a customer advisor in any financial institution, which covers the functionalities of customer file, Comarch CRM system modules selected by the customer, as well as operational modules which provide a comprehensive service for a bank branch or an insurance broker with the use of one application environment, created with the use of 'light' IT technologies.

**Comarch Customer Service** module enables maintenance of all bank products within the frame of one system.

**Comarch Data Connect** an e-banking channel enabling a direct integration of finance and banking system used by a corporate client with bank.

**Comarch Fraud Detection** is a powerful tool for discovering fraudulent subscriber behaviour in telecommunications networks.

**Comarch Content Management System** is dedicated to managing portal content and structure. It offers a set of tools that remotely update and manage www services. Comarch CMS gives users a great deal of freedom with full control over the content presented and a high security level. The customer does not need

to install any extra software to work with the system as all the essential operations can be executed in Internet browsers.

**Comarch Contact Centre** is the strategic contact point integrating all channels of communication with the customer: the telephone (direct conversations, voice mail, SMS), facsimile, e-mail and Internet. This solution raises a company's competitiveness by building strong customer relations, making communications more effective and collecting and managing customer information. Comarch Contact Centre is a modern, modular platform which is easily expanded. It supports all communication methods including automatic IVR and customer care agents. The solution is based on Comarch's own application integrated and supported by the advanced mechanisms of selected hardware platforms.

**Comarch CRM Claim Management** is a complete claims management solution and is one of the modules that make up the Comarch customer relations platform (CRM). It is based on the proven *service-profit chain* used by the most successful companies. The service profit chain connects internal and external service quality, including claims management, with financial results. Thanks to this solution companies can compare expenditure on maintaining quality of service with expected financial results.

**Comarch CRM Sales Management** is a new generation integrated *front-end* application. It provides comprehensive customer relations support across the entire product range from the moment of winning a new customer, through the programs for cross selling and up-selling to an up-to date operational handling, using the whole scope of the product offer. The system offers functionality for customer care agents in the form of the Sales Application, while for the middle and back office staff responsible for managing the sales process it offers the Department Director and the Central applications.

**Comarch CRM Campaign Management** is a system supporting the entire cycle of marketing campaign management: from planning through tests, execution and modification to tests of performance. The system allows reaching the target group of customers of a precisely defined profile, at a proper time, with appropriate information, and through an appropriate communication channel. The possibility of integration of mass Above the Line (ATL) campaigns and direct Below the Line (BTL) campaigns is a unique solution, allowing achievement of the synergy effect between the two types of activities and winning savings on costs of reaching the customer.

**Comarch Survey Management** is an ergonomic, easy-to-use web form builder which is used for creating surveys for any group of users, then used as presentations in web applications, such as internet banking, portal, etc. The solution enables creating different types of surveys, beginning from simple one page questionnaires to multistage wizards.

**Comarch Commission & Incentive** is a commission system designed for institutions which use extended networks of agents, brokers and intermediaries in their businesses. The system enables integration of all data related to sales networks, commission policy for all distribution channels and settlements with sales network units in one place. Additionally, collecting all sales data in one system allows better control over sales and optimising incentive systems.

**Comarch Loyalty Management** is an advanced set of business applications for standard and advanced loyalty programs. The system is distinguished by its ease of operation, its flexibility, and its ergonomic user interface. Its scalable architecture ensures that the loyalty program can be expanded in step with the company's growth.

**Comarch Pricing & Billing** is a flexible tool which allows the speedy design, testing and implementation of charges and commissions packages. The configuration model answers for the key area of the charge calculation system, thus, for the complex management of the policy which calculates charges and commissions in accord with individually set guidelines within the contract. It creates added value for the client and profit for the bank.

**Comarch Credit Process Management** is an application suite supporting service of credit processes in all clients segments: corporate clients, medium and small enterprises and retail clients. The modular design of

this system enables selection of an optimum set of functionalities and support for the most important processes related to management of any credit products for any customer segment: product design, simulations, preparing an application, support for the decision-making process, preparing an agreement, activation of funds, hedging management, monitoring of active agreements, settlements of transactions, management of the sales network and calculation of commission, as well as vindication from unreliable customers.

**Comarch Scoring Engine** is a system platform helping credit analysts to find the best way to assess credit applications and credit risk and to analyse credit portfolios. Comarch Scoring Engine can be rapidly implemented and put to work as it integrates easily with existing systems and provides great flexibility in the scoring definitions used.

**Comarch Rating** a tool which supports the rating of corporate clients. It is possible to use the application to check the rating of transactions. The tool is fully configurable by bank employees as it does not require programming knowledge. Due to the high elasticity and integration with the credit process it is possible to change the risk management policy within a few minutes without the need to utilise IT resources.

**Comarch Credit Monitoring** - the system supports credit contract monitoring processes, especially the monitoring of escrow, repayments, contract conditions as well as the client's financial situation. Thanks to the built-in Comarch Credit Monitoring mechanisms, it automatically generates cases which fulfil the monitoring criteria, e.g. overdue repayments exceeding 7 days. The system works in the context of the client which means that the monitoring has to do with all the client's accounts. Additionally, because the system is based on the Comarch Business Process Management, application, Comarch Credit Monitoring can automatically send the debt to be collected, restructured or the credit conditions can be changed. The system uses functionalities from the Printout Management module, which makes it possible to generate reminders within the system for clients (together with a note about which reminder it is) as well as integration with the central printing machine (mass correspondence).

**Comarch Asset Management** - the system is addressed to companies which manage assets, bank depositaries, investment and pension funds, insurance companies as well as other institutions which deal with investment activity and portfolio handling. Among others, the system guarantees the modelling of portfolios, handling of orders, access to current portfolio structure, control of investment limits, filling of transactions and operations on portfolios, valuation of portfolio assets, reports and measures the effectiveness of risk management.

**Comarch Wealth Manager** - a solution for private banking customers, wealth management and family office, responsible for the management and reporting of customer assets. An important advantage is the ability to support different asset classes (cash operations, financial instruments, property, insurance policies, non-financial assets) held in various institutions, as well as those registered directly by the customer and handling entities. Among other features are e.g., analyses of performance, cash flows, documents and contacts associated with customer assets and liabilities.

**Comarch Custody** is an application designed for banks dealing with trading in securities and trustee activity. The system allows registering and quantitative as well as financial settlements of transactions with securities in KDPW S.A. (the National Depository for Securities) and foreign deposit and settlement chambers. It fully complies with the new deposit-settlement system.

**Comarch Exchange Trading** is a brokerage core trading system characterized by highly efficient trade processing, a flexible and multicurrency register module, effective communication with markets and brokers.

**Comarch Internet Investments** - an independent system or functional supplement to Comarch Internet Banking. It guarantees access to investment financial services through the internet and other electronic distribution channels for brokerage house clients, trustees, investment funds, open pension funds as well as other institutions which operate on the capital market. The system has been continually developed from 1998 and offers the richest functionality on the market in terms of access to the brokerage account, investment funds register and specialised investment products.

**Comarch Quotation Online (NOL3)** - the most modern tool on the Polish market, which allows access to up to date stock exchange listings and market information, market analysis as well as individual stocks. It also realises tasks typical for Order Management System (OMS) solutions such as making dispositions directly from the listings table and sending them to the market at the right moment.

**Comarch Mobile Investments** – an innovative solution dedicated to brokerage houses customers who need unrestricted access to their brokerage accounts. The platform supports both passive access, e.g. viewing the list of transactions, access to current stock quotes, as well as active access, e.g. submitting orders.

**Comarch Risk Management** is a management system for risks related to investment and credit portfolios. It automates risk control processes aimed at limitation (restriction) of the impact of fluctuation of risk factors on the elements of commercial operations. It also enables identification of the possibility of using the observed fluctuations in investments.

**Comarch Performance Measurement & Attribution** - the system allows an active valuation of the effectiveness of investment portfolios, calculating affectivity indicators in terms of benchmarks and risk, an analysis of the profit source attributes and losses, incurred on individual classes of assets, as well as reporting the results of management.

**Comarch CAFE Broker** - application ensures consistency of information, operations and authorisation in headquarters, branches and a brokerage house *call centre*. The key functional features of Comarch CAFE Broker include complex customer investment account servicing, i.e. orders on different markets, access to an investment profile, order monitoring, account activity tracking as well as support of customer communication.

**Comarch Deal Management** is a solution which allows the processing of transactions made on the money and currency market as well as on debt instruments and derivatives, realised through the bank's *dealing room* or by internet banking clients. The tool guarantees a complex handling of the transactional process and accounting services with regards to the filling and valuation of instruments/transactions, the calculation of transactional limits for clients as well as the balance equivalent, and adequacy of the transaction in terms of capital.

**Comarch Investment Advisor** is a solution, which manages client relations and chooses the right investment-pension product, in accord with the client's expectations and possibilities as well as the monitoring of their investment.

**Comarch Fund Registers** solution allows the presentation of data on transactions with participation units and fund shares, customers and distribution channels by interactive reports.

**Comarch Client Reporting & Communication** is a solution that generates reports of the highest calibre, which include the value, profitability and risk of the client's pension-investment product, which is based on investment funds, shares and other financial instruments. It links the process of managing a large database, its design and the generation of, distribution and publication of reports, in accord with the policy of the given institution.

**Comarch Trade Finance** supports the business processes connected with letters of credit, collections and guarantees. It can be accessed both by bank customers and employees, allowing for effective bank-client communication starting from the product application up to its final settlement. Comarch Trade Finance works as a component in other IT solutions used in banks, such as the core system, the general ledger and the data warehouse, and must be integrated with these systems.

**Comarch Factoring** is a complex solution servicing debt financing transactions, allowing for both electronic and paper invoices. This solution features high flexibility in modelling of the client service process. It enables the introduction of data related to the factorer, debtor and the definition of a financing program.

**Comarch NonLife Insurance** is an IT solution comprehensively supporting processes in property insurance companies. The solution ensures flexibility in the release of a new offer on the market. Comarch NonLife Insurance supports administration of insurance policies, liquidation of damages, management of information and improvement in the effectiveness of the insurance business. Implementations can include all modules and product lines. Because it is modular, the system can be implemented in specific operational areas or for particular products. A further option exists to tailor selected modules to the company's existing system architecture.

**Comarch Life Insurance** system is a comprehensive IT solution designed and produced for life insurance companies. The system is capable of supporting the entire operations of a life insurance company and there is some scope for it to be matched to existing architecture. Implementation of Comarch Life Insurance enables comprehensive and cohesive management of the insurance business. Additionally, the high flexibility of the system allows the optimisation of operations and quick response to the changing needs of the market.

**Comarch Insurance Claims** is a solution that provides comprehensive support of all types of life insurance claims and supplementary insurance. The solution functionality covers the entire process of handling life insurance claims. The solution helps reduce costs incurred in handling claims thanks to the reduction of paper-based tasks.

**Comarch Insurance Agent Portal** a front-office solution supporting sales and handling of insurance products. The system supports both agent networks, employees and people cooperating with insurance companies, and individual customers. The solution enables agents offer creation, as well as efficient and faultless fulfilling the insurance application. Comarch Insurance Net allows registration of changes in conditions for the concluded insurance policy, as well as reporting and monitoring of damages. Quicker and direct service, as well as possibility of review of an application status in web portal are benefits for a customer.

**Comarch Insurance Customer Portal** provides an insurance e-account. It enables an insured to perform basic operations beginning from review of an offer, selection of an insurer and calculation of a premium through application for cover to paying the premium. The solution allows reporting a damage or a claim online, modify basic personal data, and to manage investment for policies including capital funds.

**Comarch Insurance Front-End** platform is a mash up solution, where optimum solutions for a customer are gathered. The main task of the platform is the execution of an insurance company within the implementation of sales support and customer service strategy. The advantage of the platform is its simplicity in linking functionalities to meet the business needs of insurance.

**Comarch Debt Management** is a comprehensive system facilitating notification and vindication processes, directed towards a diverse range of companies and financial institutions which conduct collection services, legal and enforcement proceedings, and exchange data with external cooperating entities. The Comarch Debt Management system guarantees the effective collection of overdue amounts among other things, through versatile support of multichannel contact with a debtor (phone, SMS, email) and by the organisation of debt collection teams' work including the prioritisation of cases. Growth of the collection rate of receivables is a significant benefit for customers that introduce the system.

**Comarch Insurance Data Warehouse** provides databases for insurance data. Production systems carefully collect data supporting internal and external reporting. They allow one to prepare and provide access for those entitled to information that is necessary for efficiently making decisions on different management levels in insurance companies.

**Comarch Mobile Claims Adjuster** – a tool supporting and managing claim adjusters in the field. In addition to the basic functionality, which includes assigning adjusters to claims and scheduling their inspections, the system automates the planning and allocating of coordinators' and adjusters' tasks, which facilitates direct

communication such as receiving new orders or transferring data/pictures of damages. Moreover, the solution can be used as a reporting tool that helps control the time and expenses of adjuster trips.

**Comarch Mobile Insurance** was designed to support insurance business companies in using mobile devices in insurance. The system offers wide functionalities for 3 different types of receivers: agents, claims adjusters and customers. Comarch Mobile Insurance gives advantage and ensures effective support for communication with customers.

**Comarch Mobile Insurance Advisor** – a powerful solution designed to provide agents & advisors with a comprehensive tool supporting sales of even most advanced insurance products, including investment policies. It covers the whole sales process: from identification of the customer and needs analysis, through simulations and quotations, investment advisory, to generation and signing of the proposal.

**Comarch Underwriting** – a solution that provides comprehensive support for all stages of the risk assessment process, starting from receiving the application, through the management of questionnaires and accompanying documentation, to the decision making. The system supports the underwriter in all kinds of decisions, e.g., about granting a standard policy conditions, imposing loadings, or rejecting the application. Comarch Underwriting can also be used as an automatic risk assessment tool.

**Comarch CentralLog** is a comprehensive solution for managing security data generated by the company's IT infrastructure. It includes tools for the centralisation, analysis and storage of the security audit information produced by various systems and applications. This includes those exclusively devoted to security and those that are independent, such as data bases.

**Comarch MobileID** is a new authentication and authorisation method based on cell phones, which combines reliable and secure, easy to use, inexpensive and technically advanced features in a single solution. The system functions as a stand-alone product and can also be integrated with Comarch Security Access Manager DRACO.

**Comarch Security Access Manager DRACO** supplies identification, authorisation, authentication and accounting that is in line with the latest security trends and adapts to individual customer needs. Comarch Security Access Manager DRACO provides extensive options for a user and their rights managements, as well as access to protected resource management.

**Comarch MobilePKI** is a solution that supports authentication and authorisation using mobile technology. It enables full use of Public Key Infrastructure (PKI) on cell phones using SIM cards.

**Comarch SecureAdmin** is a user activity monitoring system which operates transparently at the level of the network layer (passive and active analysis). These features mean that implementing Comarch SecureAdmin does not require the modification or reconfiguration of existing applications or systems and its presence is not visible to users.

**System Comarch SOPEL (Electronic Signature Support System)** provides complete implementation of secure qualified electronic signature verification equipment and secures electronic signature submission software that is in compliance with the Act on Electronic Signatures.

**Comarch SmartCard** is a java based cryptographic microprocessor card for the secure storage of sensitive information such as cryptographic keys and passwords. They are chiefly used in PKI (Public Key Architecture) systems and in banking, where very high security standards, for example for customer transactions, are required. The card's security rests on asymmetrical cryptography. Also, the private key used to sign for the transaction never leaves the microprocessor card: it is generated there and there is no way that it can be copied. Finally, only the card's owner knows the PIN number.

**Comarch SmartCard Bio** – the concept, which is based on the use of the fingerprint as an element, which secures access to the private key, which is stored on the cryptographic card.

**Comarch SmartToken** is a solution whose hardware is based on USB tokens. It combines cryptographic smart card and card reader features in one device. The programming, including the software inside the token, is produced by Comarch.

**Comarch T-Pro**, transaction protector token, is a solution developed by Comarch as a response to increasingly emerging malignant software, executing ManInTheBrowser or key logging attacks.

**Comarch SmartCard Workshop** manages the life cycles of smart cards and cryptographic tokens. As well as possessing the basic *workflow* process and smart card system status report functions, it also enables full integration with Comarch CertificateAuthority system.

**Comarch CertificateAuthority** is Comarch proprietary software for full implementation of PKI systems (Public Key Infrastructure). This involves issuing certificates for secure e-mail, web servers, communication channels, and user authentication and authorisation. Comarch CertificateAuthority supports the entire certificate life cycle from application through to expiry or annulment.

**Comarch SmartCard Reader Bio** – a smart card reader combined with a fingerprint reader. It is used in PKI systems for authentication and authorization. For the first time in Europe, it was used by Pekao SA to authenticate s online corporate banking users, and to authorize transactions.

**Comarch SmartCard Reader Bio Tempest** – a smart card reader combined with a fingerprint reader. It is used in PKI systems for authentication and authorization. A tempest cover protects against electromagnetic radiation – eavesdropping of information processed by the reader is not possible.

**Comarch SmartCard microSD** – a microSD card integrated with Comarch SmartCard. It is used in PKI systems for authentication and authorization, especially in mobile devices.

## **ERP SECTOR**

**Comarch ERP Altum** – the first, intelligent ERP platform that comprehensively supports all key business processes in medium and large commercial and service companies, as well as trading networks. This solution is tailored to the needs of the Polish market as well as foreign ones. The system is also available in the Software as a Service model (SaaS).

**Comarch ERP XL** – the most frequently chosen ERP system in Poland for many years now. The software was chosen by approximately 4,000 companies from various industries. The solution meets the specific needs of production as well as trade and service companies. The system is also available in the Software as a Service model (SaaS).

**Comarch ERP Optima** – the program supports sales, management, bookkeeping and payroll. It is designed for micro, small and medium businesses with different activity profiles. Along with the additional module, Accounting Office, and the portal Accounting Offices iKsięgowość24 Community, Comarch ERP Optima is a tool that guides and promotes accountancy offices and tax advisory firms. The program is also available in the Software as a Service model (SaaS)

**Comarch ERP iFaktury24** is a modern online application for invoicing and storage simplifying accounts and available through a Web browser. The solution is dedicated to micro and small businesses. Its main advantage is simplicity in use, full automatization of processes, possibility of integration with an accounting office, Wszystko.pl and Comarch ERP e-Sklep. The solution is available only in the Software as a Service model (SaaS).

**Comarch ERP Retail** – a standalone system for conducting retail sales which allows to efficiently managing a commercial network in a comprehensive manner, starting from the front-office through the back-office and to point of sale (POS).

**Comarch ERP Mobile** – a suit of mobile applications supporting ERP systems: Comarch ERP Optima, Comarch ERP XL and Comarch ERP Altum. It includes: Comarch ERP Mobile Warehouseman which supports work of warehousemen possible to work online or offline; Comarch ERP Mobile Salesman – a SFA application that allows the user to work on Android smartphone or tablet, supporting workforce in the field, such as sales representatives and sales assistants in stores; Comarch ERP Mobile BI – an application for managers enabling review of Business Intelligence reports on Android smartphone or tablet; Comarch ERP Mobile Flota – an application enabling the monitoring of place by GPS and communication with employees.

**Comarch Business Intelligence** – a system based on data warehouse technology, designed for large and medium-sized companies and international corporations. The solution supports decision-making processes and tasks related to reporting services. It is dedicated to the following industries: financial and insurance institutions, FMCG, services and manufacturing.

**iBard24** – easy-for-use, multipurpose tool for, among others, automatic backup, synchronisation of files between tools and joint group work on documents. iBard24 is a solution which allows to access files from anywhere in the world, 24 hours a day. High security level for the stored data is its great advantage: double coding of data and data is stored in the Comarch Data Centre in Poland. iBard24 is available in four languages (Polish, English, German and French).

**Comarch ERP Customer's Desktop** – a B2B platform enabling, among others, ordering goods via internet. A logged in customer has access to history of their orders, payments, complaints, review of status of maintenance and production orders. The application cooperates with Comarch ERP XL and Comarch ERP Altum.

## **PUBLIC ADMINISTRATION SECTOR**

Comarch specialises in designing, implementing and integrating modern IT systems for public administration, 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 for roles specific to public sector institutions. 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 Workflow**

It supports electronic (and paper) documents management in enterprises and institutions (industry versions were developed for various recipients).

### **Comarch Portal**

Besides information publishing, Content Management System enables advanced communication and data interchange. The system allows co-operation with social media and e-learning. With video-chats, forums and the FAQ option, the system supports wide-range information interchange.

### **Comarch e-Investor**

It is a modern system to support investors (individuals, institutions and enterprises). It is used in many fields of investments (information, research, organisation, spatial management and transport).

### **Comarch e-Tourist**

It is the interactive platform for multi-level promotion of popular tourist destinations. Interactive maps may include visualisations of tourist trails, descriptions of night accommodation and places of active rest, as well as the weather forecast. The system may allow booking of services (group guides, attractions and support in selected languages) for individual tourists and groups (including 3D).

### **Comarch Egeria**

This is an integrated ERP system which supports company management and decision making processes. This is a comprehensive and flexible solution which may be adjusted to individual needs of every client. It

is offered in different types of enterprises and institutions (government administration, utilities, health services, etc.).

### **Comarch Egeria Education**

It is a tool dedicated to provide support for higher education facilities. The system consists of the FrontOffice tool to support academic processes, student and academic issues, and the BackOffice tool responsible for support of the college facility administration. The system is equipped with developed reporting tools.

### **Comarch Egeria Leasing**

This is an integrated IT system which supports companies providing finance services, including leasing. It supports the sale of financial products with calculators, templates and tools which allow adjustment of the offer to changing market requirements.

### **Comarch ERP Egeria e-Health**

This is an IT system dedicated for servicing of administration in health service. It has a module construction, thus it may be easily accessible for current needs of a customer as well as slowly developed. The system is prepared to cooperate with work time recorder, data collector and fiscal printers. To be more comfortable to use it was divided into modules: Finance-Accounting, Logistics, Customer Management, Personnel Management, Renovation and Investment, Decision Support, Branch Modules.

### **Comarch Egeria EBOK**

COMARCH Egeria EBOK is a portal with CMS elements ensuring online access to basic data of a customer, in particular to set of sales documents, balances of settlements, list of contracts and tools related to a customer, as well as significant data readings. EBOK allows direct transmission of data from an entity to a user and vice versa. CMS elements allow discretionary publication of profiled articles. Additionally, thanks to EBOK portal, it is possible to send inquiries, register any case directly connected to a customer, and report about any defect, what significantly simplifies and speeds up communication process with a service provider, and the direct access to sales documents annuls necessity to gather significant amount of documents, including paper invoices.

### **Comarch Mobile Inventory**

Comarch Mobile Inventory is a solution enabling full service for inventory process of property, plant and equipment in use listed in COMARCH ERP Egeria system using mobile devices. Inventory process comprises particular steps in process: collecting data from Comarch ERP Egeria, verification of details for a property, plant and equipment in use, including photographs, their adaptation or correction, settlement within spreadsheets, filing application for change of property, plant and equipment in use. The application works online or offline, and after inventory, it enables putting property, plant and equipment in use in order in the system. Comarch Mobile Inventory cooperates with Motorola MC40, typical tablet or telephone equipped with Android, version 4.1 or lower and reader Motorola CS3000 Series, which enables overall service for inventory process.

### **Comarch Work Expenditures Recording**

The system assists in planning tasks for the employees, re-cording the attendance and executing the entrusted tasks. This solution offers settlement of labour costs, optimization of employee effectiveness and friendly reporting.

### **Comarch e-government**

Comarch e-government is a platform of on-line public services which contains a set of modules enabling the realisation of tasks assigned to a local government unit by the legislator. The intuitive tools enable autonomous management of the application ensuring the support of creation and publication of contents. Comarch e-Government consists of the following modules: Digital Office, Public Information Bulletin, Information Portal and Intranet.

### **Comarch CBO Turnover - for media trading companies and distributed recipients**

This is a solution dedicated to electricity distribution companies, energy, gas, or water companies, and to individual customers. It ensures quick access to the data collected from various sources (for example

distribution companies, Independent Reading Operator), tracking utility consumption and multiplane analysis of the received data. The system data is a reliable source for the settlement of accounts, planning purchases and conducting proactive business activities. The system supports forecasting requirements, tariff analysis and client segmentation.

#### **Comarch CBO Distribution - for media distribution companies**

It enables the enterprise to carry out the function of a measurement operator. It provides a number of mechanisms to help acquire data that is optimised for effectiveness and scalability, verification, supplementing, making it accessible and for multidimensional analysis. It makes it easier to integrate systems used by companies in managing their network property, billings and other items important to their activities. This solution allows reading measurements from electricity meters and other utility meters, including water, heat and gas.

#### **Comarch System of Management of Network Assets**

This is a solution dedicated to network enterprises, such as electricity distribution companies, gas distribution companies or water and sewage companies. The system ensures complete registry and management of data concerning a company's network infrastructure and improves an execution of main business processes, such as recipients connecting, planning and realisation of investment and modernisation, network exploitation, service of applications, network complaints, emergency events and exclusions.

#### **Comarch IT Cost & Risk Analysis**

It is a tool that determines the total costs of providing IT support versus the lack of IT support. The system allows calculation of cost and risk related to migration of business processes support. It offers assessment of economic indexes related to profitability of providing IT support for example ROI, NPV and IRR. It allows simulation of the results for processes, systems and whole models of providing IT support.

#### **Comarch Business Intelligence**

Comarch theme data base warehouses comprise diverse range of data and realise manifold purposes. We created warehouses being knowledge bases, tools for medical and financial analysis, supporting business activity. Our solutions are best for management of high number of data from many systems and localisations.

#### **Comarch Database Archive**

It is a tool used to optimise and manage archived data. It provides a way to create new data partitions by selecting them out from active partitions, properly restructuring or re-building databases, partition disconnection and archiving, and authorisation of data deletion and restoring.

### **Services Sector**

#### **Comarch CRM & Marketing - solutions for management of marketing activities**

**Comarch Campaign Management** is a system dedicated for management of multi-stage marketing campaigns, processes automation for their execution, monitoring and analyses of results from individual marketing actions. The solution includes a tool enabling segmentation and personalised communication, which make possible to create a personalised communication through different communication channels, provides control over marketing costs, allows testing of a campaign and helps to increase the level of coordination and control of tasks of particular team members.

**Comarch Customer Engagement** is a solution for the management of commitment and customer loyalty. The system can function either as an aid to other solutions, as well as in a stand-alone model. The solution allows users to define a variety of engaging tasks (educational, social, entertainment) for users, for which they are rewarded with badges or a higher level or position in the ranking.

**Comarch Loyalty Management for Retail** is a world-class system for comprehensive management over loyalty programmes of different size, both multi-partner and executed in a stand-alone model. The system supports the operators of B2C and B2B loyalty programs and provides support for all areas, ranging from

customer registration and profile management by creating promotions based on different currencies and communication with participants, to rewarding customers with gifts, discounts and special offers from partners. Customers are engaged with built-in marketing offers and promotional activities, such as raffles, auctions, coupons, or the principle of rewarding the best customers-all this in order to maintain a high level of satisfaction and to increase customer retention and sales. Commonly used interfaces and technologies allow for easy integration with existing systems.

**Comarch Loyalty Management Travel Edition** is a version of the product dedicated for companies in the transport and tourism sector, particularly airlines. The platform supports airline loyalty programs for all types of carriers, both for individual clients (Frequent Flyer Programs), as well as B2B. The system supports the creation of sector -specific rules for calculating the points, defining rewards and privileges, as well as a separate module that automates the process of connecting and servicing partners.

**Comarch Smart Analytics** is a Business Intelligence class system which allows obtaining and simultaneously using information about clients, their behaviour or preferences. This solution aggregates data from loyalty management systems, CRM, marketing campaign management, as well as recording and financial systems, income registration or controlling systems. This guarantees that the analyses created are as credible as possible and reflect the market dynamics.

**Comarch Social Mining** is a system that allows the user to monitor the behaviour of a loyalty or gamification program participants within the portals of social media by analysing posts, comments, amount of the provider's shared content, including the verification of its popularity. Additionally, the system collects the personal data of portals' participants which allows an even more personalized marketing communication in terms of loyalty programs.

**Comarch CRM** is a central element of advanced Comarch CRM & Marketing, which has the task of collecting all the information about the client and their consistent management. Comarch CRM is an application that provides a cross- disciplinary knowledge, focused mainly on increasing the cost effectiveness of customer service processes. There is a dedicated system for handling complex customer service processes that relate to the marketing and sales activities, ensuring the implementation of customer contact through communication channels such as the Internet, mobile, email, social media and mobile devices based on integrated data from external sources and Comarch Campaign Management and Comarch Loyalty Management applications, as well as the processing of this knowledge by Comarch Smart Analytics.

## **Managed Services**

**Loyalty Consulting** is a package of services, in which we help our customers to create a complete, innovative programs or to reconstruct existing ones, so as to attract customers, increase profits and build a stronger bond between customer and brand. Comarch offers its customers the development of strategies and concepts of the program, help in defining ways to reward, organization of marketing communications to carry out the program, and the development of detailed procedures and an IT requirements analysis.

**Creative Services** are professional and comprehensive services, which, thanks to the focus on the visual and conceptual side of an implementation, boost engagement and motivation of the participants. Characteristic elements of creative services include: designing an involving strategy scheme, setting out the basic principles and mechanisms of an engagement program, developing unique graphic design (Mobile, Web, TV spots, brochures, posters), managing the program that engages clients.

**Program Management Services** – experienced Comarch managers manage and coordinate loyalty programs through the implementation of operational tasks, management of applications and by providing expert knowledge on future improvements and growth. The range of services provided by Comarch includes management of current relationships with strategic partners and subcontractors of the program, the initial configuration of the software used to manage the loyalty program, continuous administration of applications used to implement the program, key performance indicators and reporting of program effectiveness, fraud

detection and prevention, managing general public, as well as configuration and administration of the program website.

**Customer Analytics** is a service in which we provide support and assistance in the gathering, analysis and interpretation of data for the construction of customer-oriented strategy. Our knowledge and experience in the field of analytical projects include: data collection, data cleaning and audit, improvement of and maintaining the quality of data and data analysis. We specialize in building customer segmentation models, analysis of data from loyalty programs, analysis of customer migration and customer activation strategies, development of predictive models and scoring, database marketing and analysis of customer satisfaction.

### **Solutions for document management and processes**

**Comarch ECM (Enterprise Content Management)** is a complex 20-year-old platform in Switzerland, Germany and Austria developed within the frames of Polish and Swiss research and development works carried out in the Comarch Capital Group. Core functionalities are: smooth efficient capture of data from different sources (fax, email, scanner, disc resources), scalable archive, technologically advanced searching engines, management and review of documents, as well as integration capacity, providing support for billing systems, ERP, FK, CRM or HR. Key element of the platform is productive BPM engine enabling for efficient designing of a process and its performance. Comarch ECM includes also BI module and dedicated business modules supporting works in particular company's areas of activity, such as purchase processes, HR administration or contracts' management. Comarch ECM encompasses, both Comarch own product of Enterprise Content Management class, and services of implementation, consulting, support and technological integration, i.e. IBM Filenet or MS Sharepoint.

**Comarch EDI (Electronic Data Interchange)** is a platform for quick and secure electronic data interchange. This ensures the automation of data processing throughout the supply chain starting from the ordering process through the delivery, up to invoicing and processing of payments.

The ability to implement projects in the cloud enables to reduce investment costs and optimise business processes in a short period of time.

Comarch EDI enables fast deployment of secure communication with business partners without necessity of complex system modifications or changing standards which are already in use. The platform services over 30,000 entities from 30 countries, and provide them with:

- Document validation
- Mapping/translation from/to many formats
- Integration with IT systems (e.g. ERP, WMS)
- Routing Data

**Comarch EDI E-Invoicing** is a solution for complex processing electronic invoices pursuant to binding law. It includes:

- Comarch EDI Archive (Comarch EDI Archive Plus)-module provides electronic archiving of invoices in accordance with applicable regulations.
- Comarch EDI Signature-module enables electronic signature of invoices and their transfer them via e-mail or website.

**Comarch EDI Tracking** provides quick document status information and quick reaction in case of any problems.

**Comarch EDI Reporting** is a solution providing reliable data on cooperation with partners on the basis of from EDI.

**Comarch EDI Financing** helps creditors receive due amounts earlier and allows debtors to prolong payment terms. Thanks to integration with banks, the solution enables full service of an invoice (from invoice selection to payment completion).

**Comarch EDI EMCS** allows communicating with the national EMCS system for entities handling movements of excise goods. We provide exchange of all required messages in a manner which customised to a customer's technology.

**Comarch EDI e-Market** – Comarch EDI e - Market Solution is an e-commerce solution that mainly allows manufacturers to effectively cooperate with smaller business partners. It provides, for

- Customization of the application's look
- Defining the individual product catalogues
- Determination and calculation of discounts
- Entering a variety of promotions
- Ordering of Products / Cart
- Reporting

**Comarch EDI Logistics** - is a professional solution for process optimization in the supply chain. It provides effective communication with logistic operators, ensuring fast and secure flow of information and access to the current status of logistics operations.

**Comarch EDI Master Data Management** – the central product catalogue that streamlines the management of product data in one place. It allows the user to define various attributes of general, as well as dedicated to the business partner, areas.

**Comarch EDI Mobile** – mobile application for quick and easy ordering of products by scanning barcodes. Another feature is the ability to optimize the reception of supplies through a combination of EDI documents ( DESADV ) with a logistic label ( SSCC ).

**Comarch SFA** is a comprehensive platform to provide sales support for trade organisations. Within Comarch SFA, we offer Mobile Sales Force Applications systems and Online Sales Support Applications.

**Mobile Sales Force Applications** is the Sales Force Automation class system ensuring full support for points of sale, executed by mobile field employees. Comarch SFA can operate depending on the user's needs and the character of their work. Users may use mobile application on smartphones or tablets, and application available on-line or installed on a computer. Mobile applications are available to Google Android and iOS.

**Comarch SFA Online Manager and Comarch SFA Online Administrator** are applications for managers and business administrators managing sales resources in a company. The applications provide functionalities related to reporting and work control of sales or medicine representatives working in the field.

**Comarch SFA Online Sales Support Applications** is a sophisticated B2B platform integrating business partners: producers, distributors and shops, and ensuring support for departments of sale and marketing in a trade organization. As a part of Comarch SFA, it also provides applications for managers and business administrators managing sales resources in a company.

**Comarch SFA Trade Spend Control** -a support module for planning and settlement of trade promotion budget. It gives the ability to easily define long-and short-term promotional activities with selected customers, to take stock of the effectiveness of these measures and to use the historical data to analyse and find the best solutions to increase sales.

**Comarch SFA Online Distribution** - a communication and integration service for automatic, daily reporting to manufacturers of key information from the traditional sales channel, such as inventory or resale. Online Distribution Service is provided on the basis of international standards for the electronic communication of EDI (Electronic Data Interchange), using the necessary integration of financial and accounting systems with sales departments of manufacturers and distributors (wholesalers).

### **The solution for the management of employee motivation**

**Comarch Enterprise Engagement Platform** – a comprehensive solution for the management of motivation and commitment of employees. The system enables the definition and design of engaging, diverse tasks (education, sales, and entertainment) for employees for the execution of which they are rewarded with badges or a higher level or position in the ranking.

### **Comarch ICT – IT SERVICES OFFERED FOR ALL SECTORS**

The strategic point of Comarch activities is to use the experience and knowledge of the company's employees by providing a full range of services-from consulting through implementation of individual solutions, to outsourcing. The services provided by Comarch are an important and effective way to use the competences of employees of the company. The implementation of many software projects and integration has enabled the company to gather unique experience and create a unique team of people. This experience is confirmed by numerous certificates and authorizations of the leading providers of IT solutions. A wide range of Comarch services is provided in a highly competent and reliable fashion. The most important services provided by Comarch include:

#### **Comarch Integration & Outsourcing**

##### **Comarch Outsourcing IT**

Comarch Outsourcing IT is a package of continuous services, aimed at ensuring a comprehensive IT service for a client, beginning from full support for end-user (service desk and helpdesk), through LAN/WAN network administration, platform and security infrastructure, to IT processes management, according to good practices of ITIL library. We provide services profiting from experienced engineers and service managers according to determined SLA parameters. In addition, we provide customers with continuous service performed remotely or directly at the customer location, associated with advanced server matrix and database systems, and therefore the most critical systems for the client's business and the most demanding in terms of availability and reliability.

##### **Comarch IT Integration**

It is a group of services, whose task is to adjust the customer's IT environment to new business requirements and technical specifications. We support clients beginning at the stage of analysis and design of a new IT platform, through the delivery of appropriate hardware and software, to the implementation phase. Services relate to both the launch of new systems on new platforms, extension of functionality by updating the software version and migration between systems, systems consolidation or virtualization of environments currently used by the client.

##### **Comarch Business Continuity**

It is a group of services designed to provide customers with a high level of availability of their systems, minimize the consequences of accidents and disasters, and possibly to enable a quick return to the state before failure. Based on Comarch office space in Krakow and Warsaw, we offer customers a spare office for their key employees. High availability solution is a service for those customers for whom even a few minutes' critical system failure is a huge loss. In contrast, data backup and archiving is a service for all businesses that are aware of the validity of the data stored and processed in IT systems. In addition, within this group of services we also provide services of audits of various IT areas. IT infrastructure audit is the most general audit, but at the same time it covers the entire customer infrastructure. IT security audit and IT performance audit focus in detail on specific aspects of individual systems, and IT operational efficiency audit provides the client with knowledge about the functioning of the entire IT department in the company, especially in terms of efficient use of hardware and human resources, but also the organization of work, to ensure the quality of services for business, the correctness of the definition and operation of IT processes.

##### **Comarch IT Networks**

Solutions offered by Comarch are designed to improve communication within the organization, but also with business partners and customers. Comarch IT Networks is a range of solutions for the integration of

solutions to support the exchange of information and efficient communication within the company. This includes any communications technology, applications, and data resources such as WAN or LAN improving not only communication, but also the exchange and access to corporate information.

### **Comarch Network Managed Services (CNMS)**

It is a comprehensive solution for:

- Construction or modernization of existing WAN network that consists of different types of links which are used to connect the client branches distributed in a homogeneous and converged (data, voice and video) network
- The implementation and management of LANs
- The launch of a wireless Wi-Fi data network
- Providing solutions for network security

### **Comarch Contact Centre (CCC)**

It is a comprehensive package of solutions that supports customer relationship management, and internal communications of organizations, as well as many other areas of business. The solution proposed by Comarch facilitates efficient management of information in the enterprise and allows the user to optimize the customer service process using customer owned systems. Within the proposed solution, we provide both the supply of the necessary hardware layer - such as servers, gateways, phones or headphones- as well as an integrated application layer, equipped with business logic modules. On request, Comarch Contact Centre can also be provided in a service model, allowing for availability of Comarch Contact Centre customer resources. The customer, under a solution receives the access to Contact Centre infrastructure and a required number of agent stations (IP phone with the CC, CC Agent application and headphones). The customer, itself, only provides CC agents and internet access.

### **Comarch Network Operations Centre (Comarch NOC)**

Comarch NOC is a comprehensive solution that provides a single point of contact with the client, providing technical support for the monitoring and Service Desk in the area of IT infrastructure and business applications for all types of businesses and institutions. Thanks to the built-in functionality, automated and reliable system in place to monitor the IT services offered by Comarch, the service can be helpful both for administrators and IT managers. Comarch Service Network Operations Centre provides customers with current knowledge on the availability and efficiency of the various elements of their IT infrastructure, operating systems, or operating platform.

### **Comarch Data Centre**

Comarch has been providing Data Centre services since 2001. It is distinguished by the most complex offer on the market and well thought-out solutions. Comarch opened its own Data Centre in Warsaw and Krakow. We accompany a customer on the all stages of a project performance, beginning from preparation of an initial concept, through solution their designing, implementation and migration, to their maintenance and management.

### **IaaS (Infrastructure as a Service)**

Service Infrastructure as a Service is the least advanced service in understanding of the scope of services offered by Comarch. Its basic premise is to provide customers with the hardware platform to be used on their own. The equipment is co-located in a secure environment of a Comarch Data Centre, and maintaining the software layer is the customer's responsibility. Comarch offers service support (remote hands) and services related to monitoring devices and optionally the backup. As part of the IaaS we provide:

- co-location systems in secure data centre premises, designed and secured in accordance with the highest industry standards
- Shared network infrastructure and a central backup system
- Redundant access links to the Internet

### **PaaS (Platform as a Service)**

The service PaaS Comarch delivers a complete hardware platform system with a complete range of services that support the so-called Manager Services necessary to support the client application. As part of the PaaS we deliver:

- Equipment (arrays and servers) co-located in the centre (s) of the Comarch Data Centre
- ensuring all necessary third party licences
- administration and management of operating system
- network and security management
- providing telecommunication network
- monitoring 24x7
- one SLA level for the whole system

**SaaS (Software as a Service)** is the most comprehensive service rendered by Comarch Data Centre. It includes the supply of Comarch application together with the necessary server infrastructure delivered as a service model. As part of the SaaS services we provide:

- Platform as a Service (hosting)
- Comarch applications or, in specific cases, third party applications
- Application administration services and IT infrastructure
- 24-hour monitoring and supervision of the system components and a very short response time / repair
- Single contact for a client and one SLA for the whole solution
- Help-desk for end-users as an option

**Disaster Recovery Centre (DRC)** is an additional and optional service to all described above solutions offered by Comarch Data Centre. It encompasses delivery of a back-up centre for data processing which are critical for a customer. The service is offered in different models including:

- basic data centre – back-up centre is located in a customer's localisation,
- back-up data centre – basic centre is located in a customer's localisation,
- basic and back-up data centre – both centres are located in one or two physical localisations,

The service may be delivered in PaaS or SaaS model ensuring data replication between two centres and launching back-up environment after breakdown in a basic localisation.

#### 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. Currently, the company's strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe. Sale in the company is highly diversified, with no dependency on one major client. In 2013, the share of none of the customer exceeded 10% of the sale in 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 programmers 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 2013, Microsoft Ireland Operations Ltd. provided products and merchandise at the value constituting approximately 10.8% of Comarch S.A. proceeds on sale. There are no relationship between Comarch S.A., its managing and supervising persons and Microsoft Ireland Operations Ltd.

#### 5. Sales Structure

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

	2013	%	2012	%	2011	%
Domestic	454,485	71.3%	478,496	71.8%	396,836	69.9%
Export	183,207	28.7%	188,363	28.2%	170,837	30.1%
<b>Total</b>	<b>637,692</b>	<b>100.0%</b>	<b>666,859</b>	<b>100.0%</b>	<b>567,673</b>	<b>100.0%</b>

In 2013, revenues from the company's sales decreased by 29.2 million PLN, i.e. 4.4% compared to those in the previous year. Export sales decreased by 5.2 million PLN, i.e. 2.7%. A decrease in domestic sales was 24 million PLN, i.e. 5% and was mostly a consequence of lack of high-valued sales of third party software as those in 2012 (contract with bank PKO BP). The geographical sales structure has remained at the stable level throughout the year.

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

	2013	%	2012	%	2011	%
Telecommunication, Media, IT	144,689	22.7%	154,055	23.1%	158,249	27.9%
Finance and Banking	123,700	19.4%	217,943	32.7%	120,148	21.2%
Trade and Services	83,498	13.1%	57,669	8.6%	61,540	10.8%
Industry & Utilities	87,730	13.7%	66,238	9.9%	58,580	10.3%
Public Sector	105,056	16.5%	92,525	13.9%	90,214	15.9%
Small and Medium Enterprises	84,127	13.2%	73,986	11.1%	72,566	12.8%
Others	8,892	1.4%	4,443	0.7%	6,376	1.1%
<b>Total</b>	<b>637,692</b>	<b>100.0%</b>	<b>666,859</b>	<b>100.0%</b>	<b>567,673</b>	<b>100.0%</b>

In 2013, market sales structure was shaped similarly as that in 2012, except for a substantial decrease in sales to the finance and banking sector. In 2013, these sales decreased by 94.2 million PLN, i.e. 43.2%, mostly as a consequence of lack of high-valued sales of third party software as those in 2012 (contract with bank PKO BP). Their share in total sales constituted 19.4% of the total sales compared to 32.7% in the previous year. There was an increase of 21.5 million PLN, i.e. 32.4% in sales to the industry and utilities sector and their share in total sales grew from 9.9% in 2012 to 13.7% in 2013. There was also a significant increase in sales to the trade and services sector (of 25.8 million PLN, i.e. 44.8%) and their share in total sales grew from 8.6% in 2012 to 13.1% in 2013. There were also increases in sales to customers in the public sector (an increase of 12.5 million PLN, i.e. 13.5%), to the SME (an increase of 10.1 million PLN, i.e. 13.7%) and to the other customers (an increase of 4.4 million PLN, i.e. 100.1%). Sales to the telecommunication, media and IT sector decreased by 9.4 million PLN, i.e. 6.1%. The market sales structure has remained at the stable level throughout the 2013.

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

	2013	%	2012	%	2011	%
Services	445,907	69.9%	410,719	61.6%	391,682	69.0%
Proprietary Software	91,995	14.4%	84,624	12.7%	90,665	16.0%
Third party Software	72,788	11.4%	128,512	19.3%	50,451	8.9%
Hardware	18,990	3.0%	35,567	5.3%	28,708	5.0%
Others	8,012	1.3%	7,437	1.1%	6,167	1.1%
<b>Total</b>	<b>637,692</b>	<b>100.0%</b>	<b>666,859</b>	<b>100.0%</b>	<b>567,673</b>	<b>100.0%</b>

Sales of IT services are still the largest and continuously developing part of Comarch S.A.'s revenue year by year. In 2013, there was a growth of 35.2 million PLN, i.e. 8.6% in these sales and they constituted 69.9% in overall sales. Sales of Comarch own software also grew (an increase of 7.4 million PLN, i.e. 8.7%). Sales of third party software diminished (a decrease of 55.7 million PLN, i.e. 43.4% compared to the previous year's level) as a consequence of lack of similar deliveries as those in 2012 performed for bank PKO BP. Sales of hardware decreased by 16.6 million PLN, i.e. 46.6%. Looking back at 2013, the structure of sales by product type remained at a stable level.

## 6. Factors Essential for Development of the Issuer

### 6.1. Internal Factors

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

### 6.2. External Factors

- a) Enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as Comarch S.A., which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- b) Increased significance of mobile technologies broadly used in IT solutions for all groups of customers;
- c) Change in business models in many branches as well as change in business strategies of many companies related to technological progress and economic growth, which shape the demand for new IT systems, broadening software sales in the *cloud computing* model means an increase in capital and resources requirements for IT companies;
- d) An access of Polish companies to resources from structural funds related to Polish membership in European Union that will be dedicated in part to develop IT systems and finance research and development works;
- e) Growing competition, causing decrease in achieved margins; competition between IT companies;
- f) Pressure on increase in remuneration in IT sector; number of graduates from technical universities having IT skills decreases;
- g) The international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services;
- h) Exchange rate levels fluctuations, especially EUR/PLN, USD/PLN and GBP/PLN, and which affect the profitability of export sales.

## 7. Other Significant Factors, including Risks and Threats

The company 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 not been hedging this interest rate risk; however it 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 EURO/PLN and USD/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 Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

### **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 2014**

In 2013, the company observed slight increase in demand for IT products and services. Thus, its backlog grew and ensures full use of its productive capacity in the following periods. Economic situation in Poland and abroad will still have a detrimental impact on situation on the IT market and the financial results achieved by the Comarch Group in 2014. The consistently executed strategy of positioning itself on the market as a technological and product-based company reaps results in the form of an annually increasing client base; most of these being international companies. It allows for the limitation of activities' risk during a period of economic slowdown. Dynamically developing activity of Comarch in international markets should additionally increase sales volume and enhance the image of Comarch S.A. among international corporations, thus strengthening the competitive position of Comarch. Execution of Comarch strategy largely depends on macroeconomic conditions, beyond the Group, especially on the level of IT investments in medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. Growth in demand for delivery of IT solutions in services model is a chance for company, as Comarch S.A. holds wide suits of own products, own infrastructure, as well as human and capital resources and it may flexibly fit to business models required by customers.

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

- a) risks related to R&D work (developing proprietary software products);
- b) risks related to assessment of time requirements for long-term contracts;
- c) risks related to failure to observe contract terms and conditions and contractors taking advantage of the provided performance guarantees;
- d) risk of foreign legal and political environment related to execution of export contracts;

e) risk of decreased possibility (difficulty) of controlling and monitoring financial standing of foreign contractors;

f) risk of employees rotation, and risk of a lack of possibility to hire the appropriate number of qualified employees.

The company does not expect of significant changes in its financial situation.

## 9. Financial Analysis

	31 December 2013		31 December 2012		2013/2012	
		%		%		%
<b>I. Non-current assets</b>	<b>603,433</b>	<b>59.8%</b>	<b>578,820</b>	<b>54.6%</b>	24,613	4.3%
1. Intangible assets	11,119	1.1%	10,563	1.0%	556	5.3%
2. Property, plant and equipment	203,731	20.2%	211,348	19.9%	-7,617	-3.6%
3. Long-term investment	380,613	37.7%	349,593	33.0%	31,020	8.9%
4. Non-current prepayments	7,970	0.8%	7,316	0.7%	654	8.9%
<b>II. Current assets</b>	<b>406,170</b>	<b>40.2%</b>	<b>481,830</b>	<b>45.4%</b>	-75,660	-15.7%
1. Inventories	26,511	2.6%	34,798	3.3%	-8,287	-23.8%
2. Current receivables	295,304	29.2%	403,608	38.0%	-108,304	-26.8%
3. Short-term investment	53,964	5.4%	20,118	1.9%	33,846	168.2%
4. Current prepayments	30,391	3.0%	23,306	2.2%	7,085	30.4%
<b>Total assets</b>	<b>1,009,603</b>	<b>100.0%</b>	<b>1,060,650</b>	<b>100.0%</b>	-51,047	-4.8%

As of the end of 2013, the value of the company's assets diminished by 4.8% compared to 2012, i.e. from 1,060.7 million PLN to 1,009.6 million PLN, as a result of a decrease of 15.7% in current assets. The growth of 24.6 million PLN in non-current assets is mostly the result of an increase in long-term investment from 349.6 million PLN to 380.6 million PLN, and this is mostly a consequence of purchases of interest and shares in subsidiaries. The share of particular items of non-current assets in the total structure of assets has remained at a similar level to those in 2012. The decrease of 75.7 million PLN in current assets is mostly a consequence of a decrease of 26.8% in current receivables from 403.6 million PLN to 295.3 million PLN (mostly in relation to receivables from related entities in relation to deliveries and services). Short-term investment increased by 33.8 million PLN. The share of other items of current assets in the total structure of assets has remained at a similar level to those in 2012.

	31 December 2013		31 December 2012		2013/2012	
		%		%		%
<b>I. Equity</b>	<b>661,046</b>	<b>65.5%</b>	<b>629,386</b>	<b>59.3%</b>	31,660	5.0%
1. Share capital	8,051	0.8%	8,051	0.7%	0	0.0%
3. Supplementary capital	487,672	48.3%	458,146	43.2%	29,526	6.4%
4. Revaluation reserve	118,818	11.8%	120,664	11.4%	-1,846	-1.5%
5. Other reserve capitals	745	0.1%	745	0.1%	0	0.0%
6. Previous years' profit (loss)	176	0.0%	176	0.0%	0	0.0%
7. Net profit (loss)	45,584	4.5%	41,604	3.9%	3,980	9.6%
<b>II. Liabilities and provisions for liabilities</b>	<b>348,557</b>	<b>34.5%</b>	<b>431,264</b>	<b>40.7%</b>	-82,707	-19.2%
1. Provisions for liabilities	99,738	9.9%	100,483	9.5%	-745	-0.7%
2. Non-current liabilities	84,298	8.3%	83,849	7.9%	449	0.5%
3. Current liabilities	157,106	15.6%	238,050	22.5%	-80,944	-34.0%
4. Accruals	7,415	0.7%	8,882	0.8%	-1,467	-16.5%
<b>Total equity and liabilities</b>	<b>1,009,603</b>	<b>100.0%</b>	<b>1,060,650</b>	<b>100.0%</b>	-51,047	-4.8%

Over the course of 2013, equity grew by 5.0%, which was mostly the result of high net profit generated in 2012. The share of equity in total equity and liabilities was at a little higher level than that in 2012 (65.5% in 2013 compared to 59.3% in 2012). Liabilities and provisions for liabilities constituted 34.5% in total equity and liabilities compared to 40.7% in the previous year. In 2013, there was a significant decrease of 80.9 million PLN in current liabilities resulting both from a decrease in liabilities to other entities in relation to deliveries and services, and a decrease in liabilities to subsidiaries. Their share in total equity and liabilities also diminished (from 22.5% to 15.6%). Provisions for liabilities decreased by 0.7%, i.e. 0.7 million PLN. Value of non-current liabilities increased by 0.4 million PLN. Accruals decreased by 16.5%, however their

share in total equity and liabilities remained at the previous year's level. Other items of total equity and liabilities did not changed significantly.

	12 months ended 31 December 2013		12 months ended 31 December 2012		2013/2012 %	
I. Net revenues from sales of products, finished goods and materials	637,692	100.0%	666,859	100.0%	-29,167	-4.4%
II. Cost of products, finished goods and materials sold	480,929	75.4%	496,325	74.4%	-15,396	-3.1%
III. Gross profit (loss) from sales (I-II)	156,763	24.6%	170,534	25.6%	-13,771	-8.1%
IV. Costs of sales	64,540	10.1%	62,302	9.3%	2,238	3.6%
V. Administrative costs	40,243	6.3%	42,697	6.4%	-2,454	-5.7%
VI. Profit (loss) on sales (III-IV-V)	51,980	8.2%	65,535	9.9%	-13,555	-20.7%
VII. Other operating revenues	10,622	1.7%	10,321	1.5%	301	2.9%
VIII. Other operating costs	11,297	1.8%	13,464	2.0%	-2,167	-16.1%
IX. Profit (loss) on operating activities (VI+VII-VIII)	51,305	8.1%	62,392	9.4%	-11,087	-17.8%
X. Financial revenues	4,694	0.7%	6,384	0.9%	-1,690	-26.5%
XI. Finance costs	7,448	1.2%	25,160	3.8%	-17,712	-70.4%
XII. Profit (loss) on business activities (IX+X-XI)	48,551	7.6%	43,616	6.5%	4,935	11.3%
XIII. Gross profit (loss) (XII)	48,551	7.6%	43,616	6.5%	4,935	11.3%
XIV. Income tax	2,967	0.5%	2,012	0.3%	955	47.5%
XV. Net profit (loss) (XIII-XIV)	45,584	7.1%	41,604	6.2%	3,980	9.6%

Over 2013, revenues from sales diminished by 29.2 million PLN, i.e. 4.4% compared to the previous year. Operating profit reached 51.3 million PLN and decreased by 11.1% compared to operating profit in 2012. Net profit grew by 9.6% compared to that in the previous year. EBIT margin decreased from 9.4% to 8.0% and net margin increased from 6.2% to 7.1%.

**Profitability Analysis:**

	2013	2012	2011	2010
Margin on sales	24.6%	25.6%	33.5%	33.7%
EBIT margin	8.0%	9.4%	9.5%	13.4%
Gross margin	7.6%	6.5%	11.0%	13.3%
Net margin	7.1%	6.2%	9.7%	12.2%
Return on assets	4.5%	3.9%	5.8%	7.8%
Return on equity	7.4%	7.1%	10.0%	14.0%

Gross and net margin, as well as return on assets and on equity were higher compared to those in the previous year. In 2013, margin on sales and EBIT margin decreased slightly (from 25.6% to 24.6% and from 9.4% to 8.0%, respectively).

**Liquidity analysis:**

	2013	2012	2011	2010
Current ratio	2.47	1.95	2.46	2.52
Quick ratio	2.12	1.72	2.19	2.18
Cash to current liabilities ratio	0.33	0.08	0.32	0.35

In 2013, the company had very good financial liquidity. In the Management Board's opinion, the company has no problems with meeting contracted financial liabilities on-time. Temporarily free funds are invested by the company in safe financial instruments like bank deposits and shares in financial investment funds.

<b>Turnover analysis</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current asset turnover ratio	1.57	1.38	1.34	1.42
Receivables turnover ratio (days)	167	218	204	184
Inventories turnover ratio (days)	16	21	25	32
Liabilities turnover ratio (days)	148	193	182	181
Liabilities turnover excluding liabilities due to investment credit ratio (days)	97	143	125	115

Turnover ratios confirm the effective use of the company's funds. In 2013, the receivables turnover ratio, the liabilities turnover ratio and the inventory turnover ratio decreased significantly. In 2013, current assets turnover ratio improved from 1.38 to 1.57.

<b>Debt analysis:</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Debt ratio	34.5%	40.7%	36.0%	36.5%
Debt ratio due to non-current credits	8.3%	7.9%	7.9%	9.6%
Debt/equity ratio	52.7%	68.5%	56.4%	57.5%

In 2013, debt ratios, apart from debt ratio due to non-current credits, decreased compared to the previous year's levels. Debt/equity ratio decreased from 68.5% to 52.7% and debt ratio due to credits grew from 7.9% to 8.3%. 65.5% of the company's funds come from internal financing and 34.5% 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**

$$\text{Return on equity} = \frac{\text{Net profit}}{\text{Equity} - \text{Net profit}}$$

$$\text{Margin on sales} = \frac{\text{Gross profit from sales}}{\text{Net revenues from sales of products, finished goods and materials}}$$

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

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

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

**Liquidity ratios**

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities} + \text{Prepayments}}$$

$$\text{Quick ratio} = \frac{\text{Current investment} + \text{Current receivables}}{\text{Current liabilities} + \text{Prepayments}}$$

$$\text{Cash to current liabilities ratio} = \frac{\text{Current investment}}{\text{Current liabilities} + \text{Accruals}}$$

**Turnover ratios**

$$\text{Current asset turnover ratio} = \frac{\text{Net revenues from sales of products, finished goods and materials}}{\text{current assets}}$$

$$\text{Receivables turnover ratio (days)} = \frac{(\text{current receivables}) * 360}{\text{Net revenues from sales of products, finished goods and materials}}$$

$$\text{Inventories turnover ratio (days)} = \frac{\text{inventory} * 360}{\text{costs of products, goods and materials sold} + \text{costs of sales} + \text{administrative costs}}$$

$$\text{Liabilities turnover ratio (days)} = \frac{(\text{non-current liabilities} + \text{current liabilities}) * 360}{\text{costs of products, goods and materials sold} + \text{costs of sales} + \text{administrative costs}}$$

$$\text{Liabilities turnover excl. liabilities due to invest. credit ratio (days)} = \frac{(\text{current liabilities}) * 360}{\text{costs of products, goods and materials sold} + \text{costs of sales} + \text{administrative costs}}$$

**10. Credits, Loans, Suretyships, Bank Guarantees****10.1. Investment Credits:**

As at the 31<sup>st</sup> of December, 2013, Comarch S.A. had liabilities due to credits in the amount of 96.5 million PLN.

- a) An investment credit from BNP Paribas Bank Polska S.A. (previously Fortis Bank Polska S.A.) with its registered office in Warsaw in amount of 20 million PLN, acquired in 2004 for the financing of the first construction stage of production and office buildings in the Special Economic Zone in Krakow. The crediting period may last a maximum of 10 years, i.e. until 2015. This credit has a variable interest rate. On 5<sup>th</sup> of January, 2009, the company revaluated the remaining credit to be paid into EUR. A promissory

note, the mortgage on land and the building insurance policy are security for this credit. As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 0.75 million EUR, i.e. 3.11 million PLN.

- b) An investment credit from BZ WBK Bank S.A. (formerly Kredyt Bank S.A.) with its registered office in Warsaw, for the financing of the second construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 80% of the investment value up to a maximum of 26.82 million PLN. The crediting period may last a maximum of 16 years, i.e. until 2022. This credit has a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. On the 31<sup>st</sup> of January, 2013, the company repaid total due amount resulting from the afore-mentioned credit. The information was announced in current report RB-2-2013 dated the 31<sup>st</sup> of January, 2013. On the 8<sup>th</sup> of March, 2013, Comarch S.A. received a notice from the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register, on deletion of mortgages on a real estate owned by Comarch SA. The mortgages were established as a security for the afore-mentioned investment credit. Information was announced by current report no. 5/2013 dated the 8<sup>th</sup> of March, 2013. As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to PLN 0.
- c) An investment credit from BNP Paribas Bank Polska S.A. (previously Fortis Bank Polska S.A.) with its registered office in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85% of the investment value up to a maximum of 44 million PLN. The crediting period may last a maximum of 16 years, i.e. until 2024. This credit has a variable interest rate. It was taken out by 30<sup>th</sup> of September, 2008. A promissory note, the mortgage on land and the building insurance policy are security for this credit. On the 5<sup>th</sup> of October, 2011, the company revaluated the remaining credit to be paid into euro. As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 6.66 million EUR, i.e. 27.62 million PLN.
- d) An investment credit from Bank Pekao S.A. with its registered office in Warsaw, for the financing of purchase of land in the Special Economic Zone in Krakow. The credit amounts to 15.1 million PLN. The crediting period may last a maximum of 5 years, i.e. until 2012. This credit has a variable interest rate. A promissory note and the mortgage on the land are security for this credit. At the beginning, the crediting period was 5 years, till 2012, however on the 29<sup>th</sup> of May, 2012, an annex was concluded which extended it till 2015. As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 15.1 million PLN.
- e) An investment credit from Bank DnB NORD Polska S.A. (previously DnB NORD Polska S.A.) with its registered office in Warsaw, for the financing of the fourth construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to a maximum of 80% of the investment value of up to 22 million PLN. The crediting period may last 11 years, i.e. until 2021. This credit has a variable interest rate. The real estate mortgage and cession of rights in the bank guarantee issued for the debtor are security for this credit. On the 30<sup>th</sup> of December, 2011, the company revaluated the remaining credit to be paid into euro. On the 1<sup>st</sup> of October, 2013, Comarch S.A. paid total due debt resulting from the above-mentioned credit agreement (current report no. 20/2013 dated the 1<sup>st</sup> of October, 2013). On the 18<sup>th</sup> of November, 2013, Comarch S.A. received a notice from the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register, on deletion of mortgages on a real estate owned by Comarch SA. The mortgages were established in 2010 as a security for the afore-mentioned investment credit (current report no. 23/2013 dated the 18<sup>th</sup> of November, 2013). As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 0 PLN.
- f) An investment credit from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, for the refinancing of the investment credit acquired in DnB NORD Bank Polska S.A. on the 28<sup>th</sup> of April, 2010, for financing of the fourth construction stage of production and office buildings in the Special Economic Zone in Krakow (point e) above). The credit amounts to 4.13 million EUR. The crediting period may last 8 years at a variable interest rate. The real estate mortgage in the amount of 6.19 million EUR and cession of rights in the building insurance policy are security for this credit. The loan was drawdown on the 1<sup>st</sup> of October, 2013. On the 4<sup>th</sup> of October, 2013, the District Court for

Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register registered the aforementioned mortgage in the Land and Mortgage Register. Company announced details in current report no. 22/2013 dated the 14<sup>th</sup> of October, 2013. As at the 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 4 million EUR, i.e. 16.58 million PLN.

- g) An investment credit from BNP Paribas Bank Polska S.A. (previously Fortis Bank Polska S.A.) with its registered office in Warsaw, for the financing of the purchase of hardware and software for a project related to data centre services. The credit amounts to 2.4 million EUR. The crediting period may last until 2016. The loan was drawdown on the 7<sup>th</sup> of August, 2012. This credit has a variable interest rate. Transfer of debts from the contract and the registered pledge on the financed property, plant and equipment in use are security for this credit. As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 1.53 million EUR, i.e. 6.33 million PLN.
- h) A nonrevolving operating credit from BZ WBK Bank S.A. (previously Kredyt Bank S.A.) with its registered office in Warsaw acquired in the first quarter of 2013, for financing of company's operations. The credit amounts to 7.4 million EUR. The crediting period may last 8 years, and its maturity date is 31<sup>st</sup> of December, 2020. This credit has a variable interest rate. The real estate mortgage located in the Special Economic Zone in Krakow was registered on the 30<sup>th</sup> of January, 2013, made by the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register (current report no. 3/2013 dated the 6<sup>th</sup> of February, 2013) and cession of rights in the insurance policy are security for this credit. As at 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 6.68 million EUR, i.e. 27.72 million PLN.
- i) An investment credit from bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to construction of office building SSE6 and data centre in the Special Economic Zone in Krakow. The credit amounts to 56 million PLN, i.e. EUR 13,323,182.34. The crediting period: 10 years, repayment will be made not later than on 4<sup>th</sup> of December, 2023. Loan was granted in EUR and it has a variable interest rate. Power of attorney to manage Comarch S.A. bank accounts in the Bank, declaration of submission to enforcement, the real estate mortgage in the amount of 84 million PLN (entry dated the 13<sup>th</sup> of February, 2014, in the Mortgage and Land Register of the District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register -current report no. 5/2014 dated the 19<sup>th</sup> of February, 2014), cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations and warranty are security for this credit. It should be taken out by 4<sup>th</sup> of December, 2015. As at 31<sup>st</sup> of December, 2013, value of the credit taken out amounted to 0.13 million EUR, i.e. 0.52 million PLN (current report no. 26/2013 dated the 4<sup>th</sup> of December, 2013).

## 10.2. Current Credit Lines (Variable Interest)

As at 31<sup>st</sup> of December, 2013, Comarch S.A. has the credit limits in current account in the amount of 53.28 million PLN.

- a) Credit limit in current account in bank Powszechna Kasa Oszczędności Bank Polski S.A. ("PKO BP S.A.") with its registered office in Warsaw in the amount of 10 million PLN. It can be used by the 13<sup>th</sup> of December, 2014. An authorisation to manage Comarch S.A.'s accounts in PKO BP S.A. and a promissory note are security for this credit. As at the 31<sup>st</sup> of December, 2013, the credit was not used.
- b) Credit limit in current account in bank BPH S.A with its registered office in Krakow in the amount of 13.28 million PLN. It can be used by the 28<sup>th</sup> of September, 2014. A promissory note and a declaration of submission to enforcement are security for this credit. As at the 31<sup>st</sup> of December, 2013, the credit was not used.
- c) Comarch S.A., CA Consulting S.A. and Comarch Polska S.A. have a credit limit in current account, granted by Bank Pekao S.A. with its registered office in Warsaw, in the amount of 30 million PLN. It can be used by the 31<sup>st</sup> of May, 2014. An authorisation to manage Comarch SA, CA Consulting S.A. and Comarch Polska S.A.'s accounts, a declaration of submission to enforcement from these companies, a Comarch

S.A.'s promissory note and an accession of Comarch S.A. to CA Consulting S.A. and Comarch Polska S.A.'s credit debt are security for this credit. As at the 31<sup>st</sup> of December, 2013, the credit was not used.

### 10.3. Loans

#### a) Loans Taken by Comarch S.A.

On the 27<sup>th</sup> of December, 2012, Comarch S.A. signed a loan agreement with IBM Polska sp. z o.o for financing of delivery of IBM hardware in relation to an IT project performed by the Comarch Group. The loan amounts to 0.34 million PLN and drawdown was made in the first quarter of 2013. Loan will reach its maturity date in December, 2015. It has a fixed interest rate (approx. 5.63%). The loan is not secured. As at the 31<sup>st</sup> of December, 2013, the value of the credit to be repaid amounted to 0.24 million PLN.

#### b) Loans Granted to Companies in Comarch Group

As at 31<sup>st</sup> of December, 2013, the following companies of the Capital Group were indebted towards Comarch S.A. for loans granted:

Company	Due date	Value	Currency	Interest (variable interest rate)	Value in PLN
OOO Comarch	30.06.2014	150,000.00	USD	2.41%	451,800.00
Comarch SAS	30.06.2014	200,000.00	EUR	2.34%	829,440.00
	31.12.2014	100,000.00	EUR	2.34%	414,720.00
	31.12.2014	150,000.00	EUR	2.34%	622,080.00
	30.06.2014	200,000.00	EUR	2.34%	829,440.00
iMed24 S.A.	30.06.2014	600,000.00	PLN	4.71%	600,000.00
	30.06.2014	200,000.00	PLN	4.71%	200,000.00
	30.06.2014	500,000.00	PLN	4.71%	500,000.00
	31.12.2014	130,000.00	PLN	4.71%	130,000.00
	31.12.2014	100,000.00	PLN	4.71%	100,000.00
	31.12.2014	550,000.00	PLN	4.71%	550,000.00
	31.03.2014	300,000.00	PLN	4.71%	300,000.00
	31.12.2014	300,000.00	PLN	4.71%	300,000.00
	31.12.2014	360,000.00	PLN	4.71%	360,000.00
	31.12.2014	400,000.00	PLN	4.71%	400,000.00
	31.12.2014	280,000.00	PLN	4.71%	280,000.00
	31.12.2014	700,000.00	PLN	4.72%	700,000.00
SoInteractive S.A.	30.06.2014	75,000.00	PLN	6.98%	75,000.00
	25.05.2015	17,501.00	EUR	2.65%	72,581.00
ESAProjekt sp. z o.o.	31.12.2014	400,000.00	PLN	4.70%	400,000.00

Bonus Development sp. z o.o. SK-A	30.06.2025	3,858,729.00	PLN	2.66%	3,858,729.00
<b>Total</b>					<b>11,973,790.00</b>

The value of the revaluation write-off of the above-mentioned loans amounts to 0.45 million PLN and is related to OOO Comarch.

**c) Loans Granted to Employees of Comarch S.A.**

As at 31<sup>st</sup> of December, 2013, there are no unpaid housing loans granted to employees in Comarch S.A.

**d) Loans Granted to Members of the Management Board and Members of the Supervisory Board**

As at 31<sup>st</sup> of December, 2013, there are no unpaid loans as well as there are no guarantees nor suretyships granted by Comarch S.A. to members of the Management Board and members of the Supervisory Board and their relatives.

**10.4. Suretyships**

a) Due to conclusion in August, 2010, of a contract with a customer, issuer has granted a guarantee for the customer. This guarantee has been provided for the duration of the contract and guarantees the satisfactory fulfilment of any obligations resulting from the contract by Comarch AG, a subsidiary of Comarch S.A. The value of the guarantee equals the value of the contract, i.e. approximately EUR 54,580,752. The financial conditions, that the guarantee was provided on, do not differ from the market conditions.

b) Due to DnB Bank Polska S.A. granting a credit line for bank guarantees to CA Consulting S.A., a Comarch S.A. subsidiary, on the 13<sup>th</sup> of May, 2010, the issuer granted a surety for the benefit of DnB Bank Polska S.A. in order to guarantee the fulfilment of any obligations resulting from the credit agreement by CA Consulting S.A. The value of the surety equals PLN 3,000,000 and is valid till the 29<sup>th</sup> of November, 2013.

c) 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 28<sup>th</sup> of April, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch Inc. The value of the surety equals a maximum of 3 million USD and is valid till November, 2016.

d) 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 11<sup>th</sup> 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 (5.24 million EUR and additionally 0.35 million EUR annually) and was valid until the 31<sup>st</sup> of March, 2014.

e) Due to Bank Pekao S.A. granting a loan in the amount of 15,888,666.42 PLN to iMed24 S.A., a Comarch S.A. subsidiary, on the 1<sup>st</sup> 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 23,832,999.63 PLN and is valid until the 31<sup>st</sup> of December, 2021.

f) Due to conclusion of a lease agreement by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., on the 1<sup>st</sup> of January, 2012, the parent company granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals 0.15 million EUR and is valid until the 31<sup>st</sup> of March, 2015.

g) Due to conclusion of contracts for fuel cards service signed by iMed24 S.A., Comarch Polska S.A., iReward24 S.A. and CA Consulting S.A., subsidiaries of Comarch S.A., on the 1<sup>st</sup> of June, 2012, 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 the contracts by iMed24 S.A., Comarch Polska S.A., iReward24 S.A. and CA Consulting S.A. The value of the surety equals 0.2 million PLN (0.05 million PLN for each company) and was valid until the 31<sup>st</sup> of May, 2013. On the 1<sup>st</sup> of June, 2013, 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 the above mentioned contracts by iMed24 S.A., Comarch Polska S.A., iReward24 S.A. and CA Consulting S.A. The value of the surety equals 0.2 million PLN (0.05 million PLN for each company) and is valid until the 31<sup>st</sup> of May, 2014.

h) Due to conclusion of a subcontracting agreement by CA Consulting S.A., a subsidiary of Comarch S.A. in relation to a contract with a client, Comarch S.A. granted a surety for obligations of CA Consulting S.A. The surety was granted up to the amount of liabilities of CA Consulting S.A. resulting from subcontracting agreement, i.e. to the maximum amount of PLN 6,698,434.82 and USD 1,356,861.70, and it is valid till the moment when all payments resulting from the agreement will be made.

i) 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 807,680 and in addition, GBP 86,400 annually for SLA, and it is valid for the whole term of the agreement.

j) Due to conclusion of an eFinancing agreement for financing of suppliers, signed by Comarch Polska S.A., a subsidiary of Comarch S.A., and Bank PEKAO S.A., Comarch S.A. granted a surety for obligations of Comarch Polska S.A. The surety was granted up to the maximum amount of liabilities of Comarch Polska S.A. resulting from this agreement, i.e. PLN 13,000,000 and is valid till the 31<sup>st</sup> of March, 2013. In the first quarter of 2013, in relation to repayment of liabilities by Comarch Polska S.A. resulting from the agreement, the liability expired.

k) Due to bank BPH S.A. granting a limit for treasury transactions for iReward24 S.A, a subsidiary of Comarch S.A, Comarch S.A. granted a surety for obligations of iReward24 S.A. in the amount of 0.45 million PLN. As a result of the limit expiration, the surety expired on 30<sup>th</sup> of September, 2013.

l) Due to conclusion of a loan agreement for financing of delivery of hardware related to an IT project, signed by Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of CA Consulting S.A. The surety was granted up to the amount of PLN 13,215,846.60 and was valid till all payment obligations related to the loan agreement are completed, i.e. 2<sup>nd</sup> September, 2013.

m) 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 3,692,115 and is valid for the whole term of the contract, i.e. until the March, 2018.

n) Due to granting a credit to Comarch Polska S.A., a subsidiary of Comarch S.A., for sales of products and services through a supplier, on the 12<sup>th</sup> of April, 2013, Comarch S.A. granted a surety for future obligations of Comarch Polska S.A. resulting from credit limit. The surety was granted up to the maximum amount of 3 million PLN and is valid till the 31<sup>st</sup> of December, 2013.

o) 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, i.e. till March, 2020. Contract's value amounts to EUR 3,504,513.

p) Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden through 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 0.26 million EUR increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30<sup>th</sup> of August, 2018.

q) Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of 6 million EUR, on the 15<sup>th</sup> 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 9 million EUR and is valid till the 15<sup>th</sup> of May, 2020.

r) 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 2,051,238 and is valid for the whole term of the contract, i.e. till the October, 2016.

s) Due to conclusion of a loan agreement by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations resulting from this agreement. The surety was granted up to the amount of PLN 1,416,662.70 and is valid till all payment obligations related to the loan agreement are completed.

t) 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 300,000 and EUR 2,337,879, and is valid till the end of this project, i.e. till the March, 2019.

u) Due to conclusion of a contract for services related to data centre, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch AG resulting from this project. The surety was granted up to the maximum amount of the signed agreement, i.e. EUR 183,961.08, and is valid till the end of this project, i.e. till the October, 2016.

v) Due to granting a trade credit to CA Consulting S.A., a subsidiary of Comarch S.A., for sales of products and services in the amount of 2 million PLN, Comarch S.A. granted a surety for future obligations of CA Consulting S.A. resulting from using the trade credit. The surety was granted up to the amount of 2 million PLN and is valid till the 28<sup>th</sup> of February, 2014.

w) 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 11,243,479.50 million PLN and is valid till the 31<sup>st</sup> of May, 2028.

x) Due to conclusion of a contract for fuel cards service signed by ESAPROJEKT sp. z o.o., a subsidiary of Comarch S.A., on the 20<sup>th</sup> of December, 2013, 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 ESAPROJEKT Sp. z o.o. The surety was granted up to the amount of PLN 30,000 and is valid till the 20<sup>th</sup> of December, 2016.

y) Due to conclusion of a contract for SLA services of Comarch ECM, signed by branch of Comarch S.A. in Albany, Comarch S.A. granted a surety for the liabilities of the branch resulting from the project. The surety was granted up to the amount of the signed agreement, i.e. EUR 211,524 and is valid till the termination of the contract, i.e. till the end of 2014.

z) 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 838,425 and is valid till the termination of the contract, i.e. till the end of July, 2019.

## 10.5. Bank Guarantees

On 31<sup>st</sup> of December, 2013, 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 70.77 million PLN, whereas it was 67.86 million PLN on 31<sup>st</sup> of December, 2012

## 11. The Most Important Events in 2013 and after the Balance-Sheet Date

### 11.1 Contracts Significant for Issuers' Activities

The most important contracts signed in 2013 are:

#### 11.1.1. Agreement on Purchase of MKS Cracovia SSA Shares and Registration of an Increase in Share Capital of the Company

On the 20<sup>th</sup> of February, 2013, an agreement was signed between Comarch S.A. and MKS Cracovia SSA on the purchase of MKS Cracovia SSA series F shares. MKS Cracovia SSA invited Comarch S.A. to purchase 11,400 series F shares of nominal value of PLN 100. MKS Cracovia SSA invited Comarch S.A. to purchase the afore-mentioned shares for a total issue price of PLN 4,695,774, i.e. for issue price of PLN 411.91 for one series F share. The issue price of the afore-mentioned shares was paid in cash contribution in the amount of PLN 4,695,774 which was made by Comarch S.A. on the 20<sup>th</sup> of February, 2013. As a result of the registration of the increase in MKS Cracovia SSA's share capital (a notice from the District Court for Krakow-Śródmieście in Krakow, the Eleventh Economic Division of the National Court Register, dated the 6<sup>th</sup> of March, 2013; current report no. 6/2013 dated the 14<sup>th</sup> of March, 2013), Comarch S.A. holds 62.16% of votes at the company's general meeting. The company announced details in current report no. 4/2013.

On the 11<sup>th</sup> of December, 2013, an agreement was signed between Comarch S.A. and MKS Cracovia SSA on the purchase of MKS Cracovia SSA series G shares (current report no. 27/2013 dated the 11<sup>th</sup> of December, 2013). MKS Cracovia SSA invited Comarch SA to purchase 22,800 series G shares of nominal value of PLN 100. MKS Cracovia SSA invited Comarch SA to purchase the afore-mentioned shares for a total issue price of PLN 9,391,548, i.e. for issue price of 411.91 PLN for one series G share. The issue price of the afore-mentioned shares was paid in cash contribution in the amount of PLN 9,391,548 which was made by Comarch SA on the 11<sup>th</sup> of December, 2013. After the registration (decision of the District Court for Krakow-Śródmieście in Krakow, the Eleventh Economic Division of the National Court Register of 7<sup>th</sup> of January, 2014; current report no. 4/2014 dated the 28<sup>th</sup> of January, 2014), Comarch S.A. held 66.11% votes at the company's AGM.

#### 11.1.2. Investment Credit Agreement and Mortgage Registration

On 30<sup>th</sup> of September, 2013, Comarch S.A. signed a credit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, for the refinancing of the investment credit acquired in DnB NORD Bank Polska S.A. on the 28<sup>th</sup> of April, 2010 and mentioned in point 3.13.1 e) of the financial statement. The credit amounts to EUR 4,126,007.39, i.e. PLN 17,424,129.21. The crediting period may last 8 years at a variable interest rate. The loan was drawdown on the 1<sup>st</sup> of October, 2013. The real estate mortgage in the amount of EUR 6,189,011.09, i.e. PLN 26,136,193.83 and cession of rights in the building insurance policy are security for this credit. The Management Board of Comarch S.A. announced also that on the 1<sup>st</sup> of October, 2013, the due credit amount related to the afore-mentioned agreement with DnB NORD Bank Polska S.A. was paid in total. Company announced details in current report no. 20/2103 dated the 1<sup>st</sup> of October, 2013.

On the 4<sup>th</sup> of October, 2013, District Court for Krakow-Podgórze, the Fourth Division of the Land and Mortgage Register registered a mortgage on a real estate located in the Special Economic Zone in Krakow and owned by Comarch S.A. The basis for this registration is an investment credit agreement dated the 30<sup>th</sup> of September, 2013, signed between bank Powszechna Kasa Oszczędności Bank Polski S.A. and Comarch S.A. and mentioned above. Company announced details in current report no. 22/2013 dated the 14<sup>th</sup> of October, 2013.

### **11.1.3. Agreement with Consortium of Łęgprzem sp. z o.o., ZSK sp. z o.o. and Graphbud sp. z o.o. for the Realization of the Fifth Construction Stage of the Investment in the Special Economic Zone in Krakow**

On the 3<sup>rd</sup> of October, 2013, Comarch S.A. signed an agreement with consortium of Łęgprzem sp. z o.o., ZSK sp. z o.o. and Graphbud sp. z o.o. for the realisation of the fifth construction stage of the investment in the Special Economic Zone in Krakow (SSE6 building). The subject of the contract is the construction of a production and office building, altogether with data centre, including traffic and technical infrastructure. Total space of the building will be 11,708.87 m<sup>2</sup>. The value of this agreement amounts to 62,268 thousand PLN (current report no. 21/2013 of 4<sup>th</sup> of October, 2013). In the fourth quarter of 2013, Comarch S.A. began construction works. The planned completion date of this investment is the second quarter of 2015.

## **AFTER THE BALANCE SHEET DATE**

### **11.1.4. Operating Credit Agreement**

As of the 8<sup>th</sup> of April, 2014, Comarch S.A. signed an operating credit agreement with bank Polska Kasa Opieki Spółka Akcyjna (PEKAO S.A.) with its registered office in Warsaw (current report no. 9/2014 dated the 9<sup>th</sup> of April, 2014), for financing and refinancing of deliveries related to the contract for delivery and implementation of the system for digital recording of court proceedings in common courts which was concluded between Ministerstwo Sprawiedliwości (Ministry of Justice) and Comarch Polska S.A., a subsidiary of Comarch S.A. (current report no. 6/2014 dated the 21<sup>st</sup> of March, 2014). The credit amounts to 35 million PLN. The crediting period: till the 30<sup>th</sup> of November, 2014, at a variable interest rate. It should be drawdown by 30<sup>th</sup> of September, 2014. The surety granted by Comarch Polska S.A., a subsidiary of Comarch S.A., declaration of submission to enforcement and authorisation to manage accounts in PEKAO S.A., as well as declaration of submission to enforcement and authorisation to manage Comarch S.A.'s accounts in PEKAO S.A. are security for this credit.

### **11.1.5. Subcontracting Agreement between Comarch Polska S.A. and Comarch S.A.**

On the 25<sup>th</sup> of April, 2014, a contract was signed between Comarch Polska S.A., a subsidiary of Comarch (hereinafter referred to as the "Comarch Polska") and Comarch S.A. The tasks covered by the contract are delivery and implementation of the system for digital recording of court proceedings in common courts, hereinafter referred to as the "System", system modifications, as well as maintenance and technical support for the System in relation to the contract concluded between Comarch Polska S.A. and Ministry of Justice which was announced by Comarch S.A. in the current report no. 6/2014 of the 21<sup>st</sup> of March, 2014. The contract's net value amounts to PLN 73,057,979.34. The delivery term, installation, configuration and implementation of the System in the courtrooms in common courts is the 28<sup>th</sup> of February, 2015; maintenance and technical support for the System will be provided for 24 months from the date of signing the final acceptance protocol. The company announced details in current report no. 11/2014 dated the 25<sup>th</sup> of April, 2014.

## **11.2 Other**

### **11.2.1. Recommendation of Comarch S.A.'s Management Board Regarding Dividend**

On the 14<sup>th</sup> of May, 2013, with the current report no. 8/2013, the Management Board of Comarch S.A. announced that they would recommend to the company's General Shareholders' Meeting the following distribution of the net profit achieved by Comarch S.A. in 2012:

- a) PLN 12,077,455.50 will be paid as dividend. Persons who will be the company's shareholders on the dividend's day will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,051,637 shares.
- b) The remaining part of the net profit in the amount of PLN 29,526,384.39 (will be passed to supplementary capital.

### **11.2.2. Resolution of the AGM Regarding Dividend for 2012**

The General Shareholder's Meeting decided that the earned in the fiscal year 1 January 2012-31 December 2012 net profit in the amount of PLN 41,603,839.89 will be divided as follows:

1. PLN 12,077,455.50 will be paid as dividend.

Persons who were the company's shareholders on the 1<sup>st</sup> of August, 2013 (dividend's day), got the dividend in the amount of 1.50 PLN per one share. The dividend was allocated to 8,051,637 shares and was paid out on the 19<sup>th</sup> of August, 2013.

2. The remaining part of the net profit in the amount of PLN 29,526,384.39 was passed in total to supplementary capital.

Company announced details in current report no. 12/2013 dated the 26<sup>th</sup> of June, 2013.

#### **AFTER THE BALANCE SHEET DATE**

None present.

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

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

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

#### **12.1. Capital Investment**

On the 21<sup>st</sup> of January, 2013, CAMS AG with its registered office in Luzern in Switzerland was registered. CASA Management and Consulting Sp. z o.o. SK-A holds 51% of shares, other shares are held by natural persons. The company's share capital amounts to 0.1 million CHF and it was paid in total in the first half of 2013.

On the 20<sup>th</sup> of February, 2013, an agreement was signed between Comarch S.A. and MKS Cracovia SSA on the purchase of MKS Cracovia SSA series F shares (current report no. 4/2013 dated the 20<sup>th</sup> of February, 2013). MKS Cracovia SSA invited Comarch S.A. to purchase 11,400 series F shares of nominal value of PLN 100. MKS Cracovia SSA invited Comarch S.A. to purchase the afore-mentioned shares for a total issue price of PLN 4,695,774, i.e. for issue price of PLN 411.91 for one series F share. The issue price of the afore-mentioned shares was paid in cash contribution in the amount of PLN 4,695,774 which was made by Comarch S.A. on the 20<sup>th</sup> of February, 2013. As a result of the registration of the increase in MKS Cracovia SSA's share capital (a notice from the District Court for Krakow-Śródmieście in Krakow, the Eleventh Economic Division of the National Court Register, dated the 6<sup>th</sup> of March, 2013; current report no. 6/2013 dated the 14<sup>th</sup> of March, 2013), Comarch S.A. held 62.16% of votes at the company's general meeting. On the 11<sup>th</sup> of December, 2013, an agreement was signed between Comarch S.A. and MKS Cracovia SSA on the purchase of MKS Cracovia SSA series G shares (current report no. 27/2013 dated the 11<sup>th</sup> of December, 2013). The capital was paid in total on the 11<sup>th</sup> of December, 2013. After the registration, Comarch S.A. will hold 66.11% votes at the company's AGM. The formal registration of the increase was on the 7<sup>th</sup> of January, 2014, however due to the fact that the increased capital was paid in total in 2013, and having in mind that there were only several days delay after the balance sheet date, caused by technical issues, in formal registration, as well as there were no basis for payment of dividend, economic effects of the increase were included in the financial statement as at the 31<sup>st</sup> of December, 2013.

On the 9<sup>th</sup> of April, 2013, an increase up to 15 million euro in the share capital of Comarch AG was registered.

On the 15<sup>th</sup> of April, 2013, a sole shareholder of Comarch SAS acting through general meeting decided to increase the company's share capital from EUR 1,800,000 to EUR 2,800,000 by issuance of 1,000,000 new shares. The increase was performed on the 22<sup>nd</sup> of April, 2013, and confirmed by CEO of Comarch SAS by their decision approving this increase in the company's share capital.

On the 23<sup>rd</sup> of May, 2013, Comarch Chile SpA was registered in Santiago in Chile. The company's share capital amounts to 24 million CLP.

On the 25<sup>th</sup> of October, 2013, Extraordinary Annual General Meeting of Comarch Management sp. z o.o. passed a resolution on an increase in the company's share capital to PLN 250,000.00. On the 2<sup>nd</sup> of December, 2013, pursuant to a decision of the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register, the increase was registered.

With the notarial deed of the 6<sup>th</sup> of February, 2014, Volatech Capital Advisors S.A., a joint stock company was established. Comarch S.A. holds 21.43% of the share capital (15.79% of votes at the company's AGM) and CAMS AG holds 42.86% of the share capital (31.58% of votes at the company's AGM). The company was registered with the decision of the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register dated the 19<sup>th</sup> of March, 2014.

## **12.2. Real Estates**

On the 3<sup>rd</sup> of October, 2013, Comarch S.A. signed an agreement with consortium of Łęgrzem sp. z o.o., ZSK sp. z o.o. and Graphbud sp. z o.o, for the realisation of the fifth construction stage of the investment in the Special Economic Zone in Krakow (SSE6 building). The subject of the contract is the construction of a production and office building, altogether with data centre, including traffic and technical infrastructure. Total space of the building will be 11,708.87 m<sup>2</sup>. The value of this agreement amounts to 62,268 thousand PLN (current report no. 21/2013 of 4<sup>th</sup> of October, 2013). In the fourth quarter of 2013, Comarch S.A. began construction works. The planned completion date of this investment is the second quarter of 2015.

## **13. Resolutions of the AGM and the Board of Supervisors**

### **13.1. Corporate Governance Principles**

Pursuant to the rule number 3) included in the third part, point 1 of the "Corporate Governance Principles", Comarch S.A.'s Management Board reported in the current report no. EBI 1/2013 that on the 27<sup>th</sup> of May, 2013, Supervisory Board of Comarch S.A. passed the resolution no. 10/5/2013 in which projects of the resolutions at the AGM, to be held on the 26<sup>th</sup> of June, 2013, are given positive opinions.

Pursuant to the rule number 1) included in the third part, point 1 of the "Corporate Governance Principles", in current report no. EBI 2/2013, Comarch S.A.'s Management Board presented 2012 activities' report of Comarch S.A.'s Supervisory Board and assessment of the company's situation in 2012 including assessment of the company's internal system control and risk management of the company.

### **13.2. Annual General Meeting – 26.06.2013**

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

On the 27<sup>th</sup> of May, 2013, pursuant to article 398, 399 § 1, article 402<sup>1</sup> and 402<sup>2</sup> 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 26<sup>th</sup> of June, 2013, at Aleja Jana Pawła II 41e 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<sup>2</sup> 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: 9<sup>th</sup> of June, 2012,
  - 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. 10/2013.

#### b) Content of the Resolutions Passed at the AGM

On the 26<sup>th</sup> of June, 2013, 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's financial statement for the fiscal year 1.01.2012 - 31.12.2012;
- approving the report of the Management Board regarding the activities of the company in 2012;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2012 - 31.12.2012;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2012;
- approving the activity report of the company's Board of Supervisors for the fiscal year 2012, including assessment of the company's situation;
- distribution of the company's net profit for the fiscal year 1.01.2012 - 31.12.2012;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2012 - 31.12.2012;
- election of the Supervisory Board's members (RB 13/2013 dated the 26<sup>th</sup> of June, 2013):
  1. Elżbieta Filipiak – Chairman of the Supervisory Board,
  2. Maciej Brzeziński – Vice-Chairman of the Supervisory Board,
  3. Danuta Drobniak- member of the Supervisory Board,
  4. Wojciech Kucharzyk-member of the Supervisory Board,
  5. Anna Ławrynowicz-member of the Supervisory Board,
  6. Anna Pruska-member of the Supervisory Board;
- election of the Management Board's members (RB 14/2013 dated the 26<sup>th</sup> of July, 2013):
  1. Janusz Filipiak - President of the Management Board,
  2. Piotr Piątosza – Vice-President of the Management Board,
  3. Paweł Prokop – Vice-President of the Management Board,
  4. Piotr Reichert – Vice-President of the Management Board,
  5. Zbigniew Rymarczyk – Vice-President of the Management Board,
  6. Konrad Tarański – Vice-President of the Management Board,
  7. Marcin Warwas – Vice-President of the Management Board;
- new managerial option programme;
- changes in company's statute. The change was registered with the notice, dated the 17<sup>th</sup> of July, 2013, by the District Court for Kraków-Śródmieście, The Eleventh Economic Division of the National Court Register (RB 19/2013 dated the 25<sup>th</sup> of July, 2013).

The full content of the resolutions was published on 26<sup>th</sup> of June, 2013, in the current report no. 11/2013.

#### c) Resolution of the AGM Regarding Dividend for 2012

The General Shareholder's Meeting decided that the earned in the fiscal year 1 January 2012-31 December 2012 net profit in the amount of PLN 41,603,839.89 will be divided as follows:

1. PLN 12,077,455.50 will be paid as dividend.

Persons who were the company's shareholders on the 1<sup>st</sup> of August, 2013 (dividend's day), got the dividend in the amount of 1.50 PLN per one share. The dividend was allocated to 8,051,637 shares and was paid out on the 19<sup>th</sup> of August, 2013.

2. The remaining part of the net profit in the amount of PLN 29,526,384.39 was passed in total to supplementary capital.

d) The List of Shareholders Participating the Annual General Shareholders Meeting

Accordingly to the list of shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 26<sup>th</sup> of June, 2013, Elżbieta Filipiak and Janusz Filipiak held at least 5% of the total number of votes represented at this Meeting:

1. Janusz Filipiak - 893,000 registered preference shares which gave 4,465,000 votes at the AGM, which constituted 51% of the all votes at this AGM and which constituted 29.68% of the total number of votes;

2. Elżbieta Filipiak - 846,000 registered preference shares which gave 4,230,000 votes at the AGM, which constituted 48.31% of the all votes at this AGM and which constituted 28.12% of the total number of votes. The total number of votes from all emitted Comarch S.A. shares is 15,045,237. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 26<sup>th</sup> of June, 2013 held shares giving 8,755,287 votes. Company announced details in current report no. 15/2013 dated the 26<sup>th</sup> of June, 2013.

## 14. Operations on Comarch S.A Shares

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

On the 11<sup>th</sup> of July, 2013, a member of Comarch S.A.'s Management Board sold 6,974 ordinary bearer Comarch S.A shares for price of PLN 84.89 each. The value of the transaction amounted to PLN 592,022.90. The above-mentioned transaction was concluded on regulated market at the Warsaw Stock Exchange. Information was prepared on the 12<sup>th</sup> of July, 2013 in Krakow. The company announced details in current report no. 18/2013 dated the 12<sup>th</sup> of July, 2013.

### AFTER THE BALANCE SHEET DATE

None present.

### 14.2. Managerial Option Program for Members of the Management Board and Other Key Employees for 2011-2013

#### a) for 2011-2013

On 28<sup>th</sup> of June, 2010, the Annual General Meeting of Shareholders passed Resolution no. 23 on the managerial options programme for company's Key Employees for 2011-2013. The objective of the programme was to additionally motivate members of the Management Board and Key Employees by options on Comarch shares (hereinafter referred to as the "Option") dependent on increases in the value of the company and increase in its capitalisation. The program was executed through offers of newly-issued shares in the company in 2012, 2013 and 2014 to Key Employees. The value of the Option was at all times equivalent to the difference between the average closing price of the company's shares of each year of the execution of the programme (beginning with 2011) and the issue price of shares offered to Key Employees. The basis for the calculation of the value of the Option were increases in company capitalisation, calculated as follows:

- for 2011 – as the difference between the average capitalisation of the company in 2011 and the average capitalisation of the company in 2010,
- for 2012 – as the difference between the average capitalisation of the company in 2012 and the average capitalisation of the company in 2011,
- for 2013 – as the difference between the average capitalisation of the company in 2013 and the average capitalisation of the company in 2012,

where the average capitalisation of the company in the given year was the arithmetical average of the daily capitalisations of the company in the given year, and the daily capitalisation is the number of shares of the company multiplied by the stock exchange closing rate for shares of the company in the given day.

In the fourth quarter of the year that precedes the year of the Programme execution, the Board of Supervisors shall establish a list of Key Employees and Individual Option Ratios. The list of Key Employees and Individual Option's Ratios will be established independently for each year of the Programme. Total value of Individual Option Ratios for all Key Employees in the given year will amount to 3.6% (three and six tenths per cent) of the increase in the company's capitalization.

Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. The company will recognise the value of the particular options beginning from the options' acquiring, i.e. an establishment by the Supervisory Board a list of Key Employees and single option factors for each subsequent year.

The company notes that despite the fact that the value of the Option decreases the net profit of the company and of Group, this operation does not affect the value of cash flows. Moreover, the economic cost of the Option shall be classified in the income statement through its inclusion in the "diluted net profit" of newly issued shares for the participants of the programme. Despite the fact that the IFRS2 standard was officially adopted by the European Union to companies listed on the stock exchange in the preparation of consolidated statements, many experts point out its controversial nature – in their opinion, placing the cost of the Option in the income statement results in the double inclusion of the effect of the Option programme (once by result and second by dilution).

The determined Option's value amounts to 2.87 million PLN and it was recognised as cost in the income statement.

The difference between the average capitalisation 2011 and the average capitalisation in 2010 is negative, which means that the basic condition of the programme has not been met. As a result, shares for members of the Management Board and Key Employees were not issued in 2012.

The difference between the average capitalisation 2012 and the average capitalisation in 2011 is negative, which means that the basic condition of the programme has not been met. As a result, shares for members of the Management Board and Key Employees will not be issued in 2013.

The difference between the average capitalisation in 2013 and the average capitalisation in 2012 is positive, as a result, shares for members of the Management Board and Key Employees were issued in 2014.

In execution of the Resolution no. 23 of the Annual General Meeting dated 28<sup>th</sup> of June, 2010, regarding the managerial option program for key employees, on the 13<sup>th</sup> of January, 2014, the Supervisory Board of Comarch S.A. passed the Resolution no. 2/01/2014 on execution of the managerial option program for 2013, by way of issuance of 73,953 ordinary bearer series K3 shares, of nominal value of PLN 1 and issue price of PLN 1 each, excluding a stock right of the current company's shareholders (current report no. 2/2014 dated the 13<sup>th</sup> of January, 2014). As a consequence, the Management Board of Comarch S.A. passed the resolution no. 1 dated the 20<sup>th</sup> of January, 2014, regarding an increase in the share capital by way of emission of 73,953 ordinary bearer series K3 shares (current report no. 3/2014 dated the 20<sup>th</sup> of January, 2014).

On the 31<sup>st</sup> of March, 2014, the District Court for Kraków-Śródmieście, the Eleventh Economic Division of the National Court Register registered an increase in the company's share capital to the amount of PLN 8,125,590.00. After this increase the company's share capital is divided into 8,125,590 shares. It corresponds to 15,119,190 votes at the company's AGM (current report no. 7/2014 dated the 3<sup>rd</sup> of April, 2014).

Comarch S.A.'s share capital consists of:

- 1) 864,800 series A registered preference shares,
- 2) 75,200 series A ordinary bearer shares,
- 3) 883,600 series B registered preference shares,
- 4) 56,400 series B ordinary bearer shares,
- 5) 3,008,000 series C ordinary bearer shares,
- 6) 1,200,000 series D ordinary bearer shares,

- 7) 638,600 series E ordinary bearer shares,
- 8) 125,787 series G ordinary bearer shares,
- 9) 102,708 series G3 ordinary bearer shares,
- 10) 563,675 series H ordinary bearer shares,
- 11) 441,826 series I2 ordinary bearer shares,
- 12) 91,041 series J2 ordinary bearer shares,
- 13) 73,953 series K3 ordinary bearer shares.

**b) for 2014-2016**

On 26<sup>th</sup> of June, 2013, the Annual General Meeting of Shareholders passed Resolution no. 36 on the managerial options programme for members of the company's Management Board managing company and Capital Group for 2014-2016. The objective of the programme is to additionally motivate members of the company's Management Board by options on Comarch shares (hereinafter referred to as the "Option") dependent on increases in the value of the company and increase in its capitalisation. The program will be executed through offers of newly-issued shares in the company in 2015, 2016 and 2017 to company's Management Board. The value of the Option is to be at all times equivalent to the difference between the average closing price of the company's shares of each year of the execution of the programme (beginning with 2014) and the issue price of shares offered to company's Management Board. The basis for the calculation of the value of the Option shall be increases in company capitalisation, calculated as follows:

- for 2014 – as the difference between the average capitalisation of the company in 2014 and the average capitalisation of the company in 2013,
- for 2015 – as the difference between the average capitalisation of the company in 2015 and the average capitalisation of the company in 2014,
- for 2016 – as the difference between the average capitalisation of the company in 2016 and the average capitalisation of the company in 2015,

where the average capitalisation of the company in the given year is the arithmetical average of the daily capitalisations of the company in the given year, and the daily capitalisation is the number of shares of the company multiplied by the stock exchange closing rate for shares of the company in the given day.

In the fourth quarter of the year that precedes the year of the Programme execution, the Board of Supervisors shall establish a list of members of the company's Management Board participating the Programme and Individual Option Ratios. The list of members of the company's Management Board and Individual Option's Ratios will be established independently for each year of the Programme. Total value of Individual Option Ratios for all members of the company's Management Board in the given year will amount to 3.6% (three and six tenths per cent) of the increase in the company's capitalization.

Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. The company will recognise the value of the particular options beginning from the options' acquiring, i.e. an establishment by the Supervisory Board a list of members of the Management Board and single option factors for each subsequent year.

The company notes that despite the fact that the value of the Option decreases the net profit of the company and of Group, this operation does not affect the value of cash flows. Moreover, the economic cost of the Option shall be classified in the income statement through its inclusion in the "diluted net profit" of newly issued shares for the participants of the programme. Despite the fact that the IFRS2 standard was officially adopted by the European Union to companies listed on the stock exchange in the preparation of consolidated statements, many experts point out its controversial nature – in their opinion, placing the cost of the Option in the income statement results in the double inclusion of the effect of the Option programme (once by result and second by dilution).

The determined Option's value amounts to 3.02 million PLN and it will be recognised as cost in the income statement.

## **15. Other Events in 2013 and after the Balance Sheet Date**

### **15.1. Dates of Periodical Financial Reports in 2013**

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> 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. 1/2013, Comarch S.A.'s Management Board presented terms of periodical financial reports in 2013.

### **15.2. The List of Comarch S.A. Current Reports and Financial Statements Made Public in 2012**

On 7<sup>th</sup> of May, 2013, Management Board of Comarch S.A. presented the list of Comarch S.A.'s current reports and financial statements made public in 2012 (current report no. 7/2013). The originals of these documents are located at al. Jana Pawła II 41e, Krakow, Poland. They are also available at <http://www.comarch.pl/relacje-inwestorskie/raporty-biezace/params/date/2012>  
<http://www.comarch.com/investors/investor-reports/params/date/2012/>

### **15.3. Recommendation of Comarch S.A.'s Management Board Regarding Dividend**

On the 14<sup>th</sup> of May, 2013, with the current report no. 8/2013, the Management Board of Comarch S.A. announced that they would recommend to the company's General Shareholders' Meeting the following distribution of the net profit achieved by Comarch S.A. in 2012:

- a) PLN 12,077,455.50 will be paid as dividend. Persons who will be the company's shareholders on the dividend's day will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,051,637 shares.
- b) The remaining part of the net profit in the amount of PLN 29,526,384.39 (will be passed to supplementary capital.

### **15.4. Declaration Regarding the Acceptance of the Corporate Governance Principles**

Pursuant to §29 section 5 of the Rules for Warsaw Stock Exchange, the Management Board of Comarch S.A. presented declaration of the Management Board regarding the acceptance of the corporate governance principles in the company as attachment to the annual statement published on 30<sup>th</sup> of April, 2013.

## **AFTER THE BALANCE SHEET DATE**

### **15.5. Dates of Periodical Financial Reports in 2014**

In the current report no. 1/2014 dated the 13<sup>th</sup> of January, 2014, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2014:

- 1) Q4 2013 - on 28<sup>th</sup> of February, 2014
- 2) Q1 2014 - on 15<sup>th</sup> of May, 2014
- 3) Q3 2014 - on 14<sup>th</sup> of November, 2014
- 4) Consolidated half-year report which include condensed consolidated financial statement and condensed financial statement for the first half of 2014 - on 29<sup>th</sup> of August, 2014
- 5) Annual report for 2013 - on 30<sup>th</sup> of April, 2014
- 6) Consolidated annual report for 2013 - on 30<sup>th</sup> of April, 2014

### **15.6. Registration of Changes in Comarch S.A. Articles of Association**

On the 31<sup>st</sup> of March, 2014, the District Court for Kraków-Śródmieście, the Eleventh Economic Division of the National Court Register registered changes in the company's Articles of Association (current report no. 8/2014 dated the 4<sup>th</sup> of April, 2014).

Article 7 sec. 1 of the company's articles of association is worded as follows: "The Company's share capital comes to PLN 8,125,590.00 (in writing: eight million one hundred twenty-five thousand five hundred ninety

and is divided into PLN 8,125,590.00 (in writing: eight million one hundred twenty-five thousand five hundred ninety) shares, including: 1,748,400 (one million seven hundred forty-eight thousand four hundred) registered preference shares of nominal value of PLN 1.00 (in writing: one zloty) every share and 6,377,190 (six million three hundred seventy-seven hundred one hundred ninety) ordinary bearer shares of nominal value of PLN 1.00 every share, including:

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

#### **15.7. Resolution of the National Deposit for Securities on the Registration of Series K3 Shares**

The Management Board of Comarch S.A. received resolution no. 424/14 of the Management Board of the National Deposit for Securities dated the 25<sup>th</sup> of April, 2014 in relation to the conditional registration of series K3 shares. The Management Board of the National Deposit for Securities decided to register 73,953 ordinary bearer series K3 Comarch S.A. shares of a nominal value of 1 PLN each and mark them with the code PLCOMAR00012, providing that the company managing the regulated market decides that these shares will be introduced to trading on the regulated market where other Comarch S.A. shares were introduced, providing that the above-mentioned bearer series K3 shares will be registered in the National Deposit for Securities three days from the reception by the National Deposit of documents that confirm that decision mentioned above was made by the company managing the regulated market, but not earlier than on the day of introduction to trading that was pointed out in the decision. The company announced details in current report no. 10/2014 dated the 25<sup>th</sup> of April, 2014.

#### **15.8. Forward Contracts Concluded after the Balance Sheet Date**

Between the 1<sup>st</sup> of January, 2014 and the 30<sup>th</sup> of April, 2014, Comarch S.A. concluded forward contracts for the sales of 3.5 million euro, 1.7 million USD and 1.7 million GBP. The total net value of open forward contracts as of the 30<sup>th</sup> of April, 2014 amounted to 10.6 million EUR, 3.3 million USD and 1.6 million GBP. The open forward contracts as of the 30<sup>th</sup> of April, 2014 were valued at 2.15 million PLN. The contracts will be settled within twenty one 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 Comarch S.A., in which the remuneration is set in a foreign currency, and to secure cash flows on account of an investment credit granted in euro.

### **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 68.55 million PLN, thus reached almost 11% of revenue in 2013. Comarch allocated there internal funds as well as acquired actively European funds.

In 2013, Comarch S.A. continued 7 projects (contracts for financing signed in December, 2010) within the Operational Programme Innovative Economy 1.4 – 4.1 (December 2010). The research and development projects financed within the OPIE 1.4-4.1 include:

- Secure Internet Transaction Authorization System Based on External Devices,
- Comarch Mobile Finance,
- Customer Relationship Management System,
- Innovative IT System for the Factoring Process,
- Advanced Marketing Information Management Platform,
- Innovative Mobile Sales Support Platform ECOD Agent 3.0,
- Reporting and Customers Service platform for Traditional Distribution Channels, ECOD Distribution 3.0.



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In addition, in 2013, Comarch continued the project: "Innovative Platform for Market Research Analysis" funded through the IniTech initiative. The project is implemented on the basis of the agreement for financing with the National Centre for Research and Development (NCBiR). In the second half of 2013, a new agreement was signed and it is for financing of a project „Social Business Intelligence Module” within the Demonstrator Plus, pilot undertaking „Support of Research and Development in Demonstrative Scale”.

Within the scope of priority 1.4 of the Sectoral Operational Programme Comarch S.A. continued project (agreement signed in 2012) in the area of e-Medicine: “Effective, Efficient and Safe System for Viewing and Transmitting Medical Images”

Within the 7<sup>th</sup> Framework Programme of the European Union, Comarch S.A. continued as a partner, agreement for financing of the “Shaping the Future of Electronic Identity” (FutureID) project. In the second half of 2013, a new agreement was signed and it is for financing of a project „Situation AWare Security Operations Centre” (SAWSOC).

## 17. Capital Affiliations

### 17.1. Organisational Structure of the Comarch Group

On 31<sup>st</sup> of December, 2013, the following entities formed the Comarch Group (in parentheses, the share of votes held by Comarch S.A. unless otherwise indicated):

- Comarch Spółka Akcyjna with its registered office in Krakow,
- Comarch AG with its registered office in Dresden in Germany (100%),
  - Comarch Software und Beratung AG with its registered office in Munich in Germany (100% subsidiary of Comarch AG\*),

- Comarch Solutions GmbH with its registered office in Innsbruck in Austria (100% subsidiary of Comarch Software und Beratung AG),
- SoftM France S.à r.l. with its registered office in Oberhausbergen in France (100% subsidiary of Comarch Software und Beratung AG),
- Comarch S.A.S. with its registered office in Lezennes in France (100%),
  - Comarch R&D S.à r.l. with its registered office in Montbonnot-Saint-Martin in France (70% votes held by Comarch SAS, 30% votes held by Comarch S.A.),
- Comarch Luxembourg S.à r.l. with its registered office in Luxembourg in Luxembourg (100%),
- Comarch, Inc. with its registered office in Rosemont in United States of America (100%),
  - Comarch Panama, Inc. with its registered office in Panama in Panama (100% subsidiary of Comarch, Inc.),
- Comarch Canada, Corp. with its registered office in New Brunswick in Canada (100%),
- Comarch Middle East FZ-LLC with its registered office in Dubai in United Arab Emirates (100%),
- Comarch LLC with its registered office in Kiev in Ukraine (100%),
- OOO Comarch with its registered office in Moscow in Russia (100%),
- Comarch Software (Shanghai) Co. Ltd. with its registered office in Shanghai in China (100%),
- Comarch Vietnam Company Ltd. (Comarch Co., Ltd.) with its registered office in Ho Chi Minh City in Vietnam (100%),
- Comarch Oy with its registered office in Espoo in Finland (100%),
- Comarch UK Ltd. with its registered office in London in United Kingdom (100%),
- Comarch Chile SpA with its registered office in Santiago in Chile (100%),
- Comarch s.r.o. with its registered office in Bratislava in Slovakia (100%),
- SouthForge sp. z o.o. with its registered office in Krakow in Poland (100%),
- CA Consulting S.A. with its registered office in Warsaw in Poland (100%),
- Comarch Management sp. z o.o. with its registered office in Krakow in Poland (100%),
- Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty with its registered office in Krakow in Poland („CCF FIZ”) (Comarch S.A. holds 100% of issued investment certificates),
  - Comarch Management sp. z o.o. SK-A with its registered office in Krakow in Poland (38.57% votes held by CCF FIZ; 61.43% votes held by Comarch S.A.; shares purchased by Comarch Management sp. z o.o. SK-A to be redeemed don't give any votes),
  - Bonus Management sp. z o.o. SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - Bonus Development sp. z o.o. SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - Bonus Management sp. z o.o. II Activia SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - Bonus Development sp. z o.o. II Koncept SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - iMed24 S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - Comarch Polska S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - iReward24 S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - Infrastruktura24 S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - iComarch24 S.A. with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
  - CASA Management and Consulting sp. z o.o. SK-A with its registered office in Krakow in Poland (100% votes held by CCF FIZ),
    - ESAProjekt sp. z o.o. with its registered office in Chorzow in Poland (100% held by CASA Management and Consulting sp. z o.o. SK-A.),
    - Comarch Swiss AG with its registered office in Luzern in Switzerland (100% subsidiary of CASA Management and Consulting sp. z o.o. SK-A),

- CAMS AG with its registered office in Luzern in Switzerland (51% subsidiary of CASA Management and Consulting sp. z o.o. SK-A),
  - Opso sp. z o.o. with its registered office in Krakow in Poland (100%),
  - MKS Cracovia SSA with its registered office in Krakow in Poland (66.11%).

*(\*) including 2.68% CSuB AG shares borrowed from an entity outside the Comarch Group*

On 31<sup>st</sup> of December, 2013, an associate of the parent company is:

- through Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty: SolInteractive S.A. with its registered office in Krakow in Poland (18.52% votes held by CCF FIZ).

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

## **17.2. Changes in Ownership and Organisational Structure in 2013**

On the 21<sup>st</sup> of January, 2013, CAMS AG with its registered office in Luzern in Switzerland was registered. CASA Management and Consulting Sp. z o.o. SK-A holds 51% of shares, other shares are held by natural persons. The company's share capital amounts to 0.1 million CHF and it was paid in total in the first half of 2013.

On the 25<sup>th</sup> of January, 2013, a share increase in Bonus Management Sp. z o.o. II Activia SK-A was registered. On the 25<sup>th</sup> of June, 2013, Annual General Meeting of Bonus Management Sp. z o.o. II Activia SK-A passed a resolution on an increase in the company's share capital to the amount of PLN 1,542,700.00 through issue of 19,700 shares of nominal value of PLN 1.00 each. On the 17<sup>th</sup> of October, 2013, it was registered.

On the 12<sup>th</sup> of February, 2013, an increase in iMed24 SA's share capital from 1.6 million PLN to 1.75 million PLN was registered pursuant to a notice from the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register. On the 29<sup>th</sup> of May, 2013, an increase in iMed24 S.A.'s share capital from 1.75 million PLN to 2.05 million PLN was registered pursuant to a notice from the District Court for Krakow-Śródmieście, The Eleventh Economic Division of the National Court Register. On the 18<sup>th</sup> of July, 2013, an increase in iMed24 S.A.'s share capital from 2.05 million PLN to 2.45 million PLN was registered pursuant to a notice from the District Court for Krakow-Śródmieście, The Eleventh Economic Division of the National Court Register. On the 3<sup>rd</sup> of September, 2013, Extraordinary Annual General Meeting of iMed24 S.A. passed a resolution on an increase in the company's share capital to PLN 2,850,000.00.

On the 20<sup>th</sup> of February, 2013, an agreement was signed between Comarch S.A. and MKS Cracovia SSA on the purchase of MKS Cracovia SSA series F shares (current report no. 4/2013 dated the 20<sup>th</sup> of February, 2013). MKS Cracovia SSA invited Comarch S.A. to purchase 11,400 series F shares of nominal value of PLN 100. MKS Cracovia SSA invited Comarch S.A. to purchase the afore-mentioned shares for a total issue price of PLN 4,695,774, i.e. for issue price of PLN 411.91 for one series F share. The issue price of the afore-mentioned shares was paid in cash contribution in the amount of PLN 4,695,774 which was made by Comarch S.A. on the 20<sup>th</sup> of February, 2013. As a result of the registration of the increase in MKS Cracovia SSA's share capital (a notice from the District Court for Krakow-Śródmieście in Krakow, the Eleventh Economic Division of the National Court Register, dated the 6<sup>th</sup> of March, 2013; current report no. 6/2013 dated the 14<sup>th</sup> of March, 2013), Comarch S.A. held 62.16% of votes at the company's general meeting.

On the 11<sup>th</sup> of December, 2013, an agreement was signed between Comarch S.A. and MKS Cracovia SSA on the purchase of MKS Cracovia SSA series G shares (current report no. 27/2013 dated the 11<sup>th</sup> of December, 2013). The capital was paid in total on the 11<sup>th</sup> of December, 2013. After the registration, Comarch S.A. will hold 66.11% votes at the company's AGM. The formal registration of the increase was on the 7<sup>th</sup> of January, 2014, however due to the fact that the increased capital was paid in total in 2013, and having in mind that there were only several days delay after the balance sheet date, caused by technical issues, in formal registration, as well as there were no basis for payment of dividend, economic effects of the increase were included in the financial statement as at the 31<sup>st</sup> of December, 2013.

On the 26<sup>th</sup> of March, 2013, a merger between A-MEA Informatik AG and Comarch Swiss AG, and transferring Comarch Swiss AG's office to Luzern in Switzerland were registered. The company's share capital amounts to 0.3 million CHF and was paid in total in the first half of 2013.

On the 26<sup>th</sup> of March, 2013, an agreement between CCF FIZ and Comarch Management Sp. z o.o. SK-A was concluded, on sales of 14,746 shares to be redeemed, for price of PLN 237.35 per share. Total sales price amounted to PLN 3,499,963.10 and was paid. On the 28<sup>th</sup> of May, 2013, an agreement between CCF FIZ and Comarch Management Sp. z o.o. SK-A was concluded, on purchase of own shares to be redeemed. Under this agreement, Comarch Management Sp. z o.o. SK-A purchased 16,852 shares for total price of PLN 3,999,822.2 (paid on the 10<sup>th</sup> of June, 2013). As a result of this transaction, CCF FIZ held 50.06% votes and Comarch S.A. held 49.94% votes at the company's general meeting. Shares purchased to be redeemed don't give any votes. On the 30<sup>th</sup> of August, 2013, Annual General Meeting of Comarch Management Sp. z o.o. SK-A passed resolutions on, among others, a decrease in the company's share capital from PLN 168,868 to PLN 90,110 and a redemption of 78,758 own shares held by the company. They were registered on the 20<sup>th</sup> of December, 2013, pursuant to a decision of the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register. On the 2<sup>nd</sup> of September, 2013, an agreement for purchase of own shares by Comarch Management sp. z o.o. SK-A from CCF FIZ to be redeemed was signed. Comarch Management sp. z o.o. SK-A purchased 16,852 shares for total price of PLN 3,999,822.20. After the transaction, CCF FIZ holds 38.57% of votes and Comarch S.A. holds 61.43% of votes at the company's general meeting. Shares purchased to be redeemed don't give any voting rights.

On the 9<sup>th</sup> of April, 2013, an increase up to 15 million euro in the share capital of Comarch AG was registered.

On the 15<sup>th</sup> of April, 2013, a sole shareholder of Comarch SAS acting through general meeting decided to increase the company's share capital from EUR 1,800,000 to EUR 2,800,000 by issuance of 1,000,000 new shares. The increase was performed on the 22<sup>nd</sup> of April, 2013, and confirmed by CEO of Comarch SAS by their decision approving this increase in the company's share capital.

On the 2<sup>nd</sup> of May, 2013, liquidation of UAB Comarch company with its registered office in Vilnius in Lithuania was registered.

On the 23<sup>rd</sup> of May, 2013, Comarch Chile SpA was registered in Santiago in Chile. The company's share capital amounts to 24 million CLP.

On the 25<sup>th</sup> of June, 2013, Annual General Meeting of Bonus Development Sp. z o.o. II Koncept SK-A passed a resolution on an increase in the company's share capital to the amount of PLN 91,863.00 through issue of 5,600 shares of nominal value of PLN 1.00 each. On the 1<sup>st</sup> of October, 2013, it was registered.

On the 1<sup>st</sup> of July, 2013, Extraordinary General Meeting of CASA Management and Consulting sp. z o.o. SK-A passed a resolution on an increase in the company's share capital to the amount of PLN 3,114,000. On the 6<sup>th</sup> of September, 2013, pursuant to a decision of the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register the increase was registered.

On the 25<sup>th</sup> of October, 2013, Extraordinary Annual General Meeting of Comarch Management sp. z o.o. passed a resolution on an increase in the company's share capital to PLN 250,000.00. On the 2<sup>nd</sup> of December, 2013, pursuant to a decision of the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register, the increase was registered.

On the 18<sup>th</sup> of November, 2013, Comarch S.A.'s Management Board announced that the bankruptcy proceedings of SoftM France S.à r.l. was completed (current report no. 24/2013 dated the 18<sup>th</sup> of November, 2013).

On the 17<sup>th</sup> of December, 2013, an agreement for purchase of shares by Bonus Management sp. z o.o. Activia SK-A in the increased share capital of SolInteractive S.A. After registration of the increase in share capital of SolInteractive S.A., Bonus Management sp. z o.o. Activia SK-A will hold 11.27% and CCF FIZ

16.10% of votes at the company's AGM. The increased share capital was paid in total on the 17<sup>th</sup> of December, 2013. The registration was registered in the first quarter of 2014.

### **17.3. Changes in Ownership and Organisational Structure in Comarch Group after the Balance Sheet Date**

On the 7<sup>th</sup> of January, 2014, pursuant to a decision of the District Court for Krakow-Śródmieście in Krakow, the Eleventh Economic Division of the National Court Register, an increase in share capital of MKS Cracovia SSA from PLN 19,560,100.00 to PLN 21,840,100.00 was registered. As a consequence, Comarch S.A. holds 66.11% of shares in the share capital of MKS Cracovia SSA which entitle to 66.11% of votes at the company's general meeting (current report no. 4/2014 dated the 28<sup>th</sup> of January, 2014).

On the 24<sup>th</sup> of January, 2014, pursuant to a decision of the District Court for Krakow-Śródmieście in Krakow, the Eleventh Economic Division of the National Court Register, an increase in share capital of iMed24 S.A. from PLN 2,450,000.00 to PLN 2,850,000.00 was registered. On the 17<sup>th</sup> of February, 2014, Extraordinary General Meeting of iMed24 S.A. passed the resolution on an increase in share capital to the amount of PLN 3,250,000.

With the notarial deed of the 6<sup>th</sup> of February, 2014, Capital Advisors S.A., a joint stock company was established. Comarch S.A. holds 21.43% of the share capital (15.79% of votes at the company's AGM) and CAMS AG holds 42.86% of the share capital (31.58% of votes at the company's AGM). The company was registered with the decision of the District Court for Krakow-Śródmieście, the Eleventh Economic Division of the National Court Register dated the 19<sup>th</sup> of March, 2014.

As of the 17<sup>th</sup> of February, 2014, an agreement for purchase of 15,943 own shares by Comarch Management sp. z o.o. SK-A from CCF FIZ to be redeemed was signed.

With the notarial deed of the 25<sup>th</sup> of March, 2014, „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park spółka komandytowo-akcyjna, a limited joint-stock partnership, was established. Bonus Management spółka z ograniczoną odpowiedzialnością SK-A holds 50% of the share capital (66.67% of votes at the company's AGM) and MKS Cracovia SSA holds 50% of the share capital (33.33% of votes at the company's AGM).

## **18. Branches of Comarch S.A.**

As at 31<sup>st</sup> of December, 2013, Comarch S.A. had branches in the following cities:

- Tirana (branch in Albany),
- Bielsko-Biała,
- Gdańsk,
- Katowice,
- Kraków,
- Lublin,
- Łódź,
- Poznań,
- Rzeszów,
- Warsaw,
- Wrocław.

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

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

None present.

**20. 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 2013.

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

In 2013, deferred tax assets related to temporary differences was recognised in the amount of 2.807 million PLN and dissolved in part those created as at 31<sup>st</sup> of December, 2012 and amounted to 2.154 million PLN. Total of the above-mentioned operations on the net profit of 2013 was 0.653 million PLN.

**22. Changes in Methods of Company Management and Its Capital Group Management**

None present.

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

With resolution no. 1/7/2013, dated the 5<sup>th</sup> of July, 2013, the Supervisory Board of Comarch S.A. selected Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. to audit and review the financial statements of Comarch S.A. Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k., with its registered seat in Warsaw at ul. Jana Pawła II 19, is registered at no. 73 in the list of entities entitled to audit financial statements. Comarch S.A. has used the services of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. within the scope of reviewing the financial statements for the first 6 months of 2006-2009 and 2011-2012, as well as auditing the annual financial statements of Comarch S.A. and the annual consolidated financial statements of Comarch S.A for 2006- 2009 and 2011-2012.

A two-year agreement was concluded within the scope of:

- a) Reviewing the financial statement of Comarch S.A. and the consolidated financial statement of Comarch S.A. for the first 6 months of 2013 and the first 6 months of 2014;
- b) Auditing the annual financial statement of Comarch S.A. and the annual consolidated financial statement of Comarch S.A for 2013 and 2014.

Details related to the remuneration of entities entitled to audit financial statements were included in note 45 of the financial statement. The company announced details in current report no. 17/2013.

**24. Systems that Control Employees Shares Programmes**

None present.

## 25. Significant Legal, Arbitration or Administrative Proceedings

### 25.1. Proceedings Related to Liabilities or Receivables of the Issuer or a Subsidiary, which Value Constitutes at least 10% of Equities

None present.

### 25.1. Two or More Proceedings Related to Liabilities or Receivables of Issuer's or a Subsidiary, which Total Value Constitutes at least 10% of Equities and the Issuer's Opinion on the Matter

None present.

Krakow, 30<sup>th</sup> of April, 2014

<b>Janusz Filipiak</b> President of the Management Board	<b>Piotr Piątosza</b> Vice-President of the Management Board	<b>Paweł Prokop</b> Vice-President of the Management Board
<b>Piotr Reichert</b> Vice-President of the Management Board	<b>Zbigniew Rymarczyk</b> Vice-President of the Management Board	<b>Konrad Tarański</b> Vice-President of the Management Board
<b>Marcin Warwas</b> Vice-President of the Management Board		