



LiveChat Software S.A. Group of Companies

Consolidated financial statements
for the period
from 1 April 2023 to 30 June 2023

Prepared in accordance with the International Financial Reporting Standards

Wrocław, 25 August 2023

LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN (unless stated otherwise).

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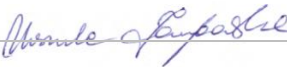
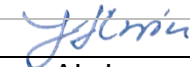
Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN (unless stated otherwise).

1. SELECTED FINANCIAL DATA

Specification	PLN thousand		EUR thousand	
	for the period of 3 months ended 30 June 2023	for the period of 3 months ended 30 June 2022	for the period of 3 months ended 30 June 2023	for the period of 3 months ended 30 June 2022
Consolidated statement of comprehensive income				
Net revenues from sales of products, merchandise and materials	83 476	66 780	17 755	14 503
Profit (loss) on operating activity	48 387	38 705	10 292	8 406
Gross profit (loss)	48 313	38 738	10 276	8 413
Net profit (loss)	45 167	36 014	9 607	7 821
Profit (loss) per ordinary share (in PLN/EUR)	1.75	1.40	0.37	0.30
Number of shares (in thousand items)	25 750	25 750	25 750	25 750
Consolidated cash flow statement				
Net cash flows from operating activity	47 663	37 331	10 138	8 107
Net cash flows from investing activity	(7 080)	(4 933)	(1 506)	(1 071)
Net cash flows from financing activity	(230)	(208)	(49)	(45)
Net cash flows, in total	40 353	32 190	8 583	6 991
Specification	PLN thousand		EUR thousand	
	30 June 2023	31 March 2023	30 June 2023	31 March 2023
Consolidated statement of financial position				
Total assets	238 670	197 331	51 047	42 205
Liabilities and provisions for liabilities	18 683	22 216	3 996	4 752
Long-term liabilities	-	75	-	16
Short-term liabilities	18 683	22 141	3 996	4 736
Equity	219 986	175 115	47 051	37 454
Share capital	515	515	110	110
Book value per share (in PLN/EUR)	8.54	6.80	1.83	1.45
Number of shares (in thousand items)	25 750	25 750	25 750	25 750

PLN/EUR exchange rate	1 April 2023 – 30 June 2023	1 April 2022 – 31 March 2023	1 April 2022 – 30 June 2023
For the figures in the statement of financial position	4.4503	4.6755	4.6806
For the figures in the statement of comprehensive income and in the cash flow statement	4.5256	4.7016	4.6046
The highest rate for the period	4.6902	4.8711	4.9647
The lowest rate for the period	4.4286	4.5756	4.4541

Wrocław, 25 August 2023

		
Mariusz Ciepły	Urszula Jarzębowska	Joanna Alwin
President of the Management Board	Member of the Management Board	Chief Financial Officer

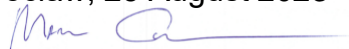
LIVECHAT Software S.A. Group of Companies

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2. INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Specification	Note	As at:		
		30 June 2023	31 March 2023	30 June 2022
NON-CURRENT ASSETS		63 023	60 375	43 892
Property, plant and equipment	1	2 218	2 673	3 157
Intangible assets	2	60 026	56 992	40 136
Long-term receivables	3	201	201	198
Deferred income tax assets	14	576	507	400
Long-term prepayments	4	2	2	1
CURRENT ASSETS		175 647	136 956	131 565
Accounts receivable	5	3 028	2 341	2 207
Other receivables	5	35 607	37 928	41 154
Cash and cash equivalents	6	136 173	95 820	87 856
Prepayments	4	839	867	348
Assets classified as held for sale		-	-	-
Property, plant and equipment classified as held for sale		-	-	-
Other assets classified as held for sale		-	-	-
TOTAL ASSETS		238 670	197 331	175 457
EQUITY		219 987	175 115	160 402
Share equity	7.1.	515	515	515
Supplementary capital from retained earnings and transactions of mergers under common control	7.2.	38 580	38 580	33 306
Currency conversion differences		(899)	(604)	(513)
Retained earnings (accumulated loss)	7.3.	181 791	136 624	127 094
Equity attributable to shareholders of the Parent Company		219 987	175 115	160 402
Equity attributable to non-controlling interests		-	-	-
LONG-TERM LIABILITIES		-	75	657
Deferred income tax liability	14	-	-	63
Other financial liabilities	8	-	75	594
SHORT-TERM LIABILITIES		18 683	22 141	14 398
Other financial liabilities	8	756	912	813
Accounts payable	9	15 616	15 081	12 863
Current income tax liabilities	9	269	5 089	199
Other liabilities	9	2 042	1 059	523
Liabilities directly connected with non-current assets classified as held for sale		-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		238 670	197 331	175 457

Wrocław, 25 August 2023



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Management Board



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LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN (unless stated otherwise).

3. INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MULTIPLE-STEP VARIANT)

Specification	Note	for the period of 3 months ended 30 June 2023	for the period of 12 months ended 31 March 2023	for the period of 3 months ended 30 June 2022
Continued operations				
Revenues from sales	10	83 476	315 722	66 780
Cost of goods sold	11	15 165	46 347	10 016
GROSS PROFIT (LOSS) ON SALES		68 311	269 375	56 764
Cost of sales	11	14 497	60 475	13 710
General administrative costs	11	5 484	23 496	4 358
Remaining operating revenues	12	64	177	23
Remaining operating costs	12	7	93	14
PROFIT (LOSS) ON OPERATING ACTIVITY		48 387	185 488	38 705
Financial revenues	13	3	18	96
Financial costs	13	77	431	63
Share in profits of affiliates		-	-	-
PROFIT (LOSS) BEFORE TAX		48 313	185 075	38 738
Income tax	14	3 146	12 718	2 724
NET PROFIT (LOSS) ON CONTINUED OPERATIONS		45 167	172 357	36 014
Net profit (loss) on discontinued operations		-	-	-
NET PROFIT (LOSS)		45 167	172 357	36 014
Other comprehensive income items that will not be reclassified into profit or loss		-	-	-
Actuarial gains and losses		-	-	-
Effects of revaluation of non-current assets		-	-	-
Income tax on other comprehensive income		-	-	-
Other comprehensive income items that, after meeting certain requirements, will be reclassified into profit or loss		(295)	(213)	(122)
Hedge accounting		-	-	-
Exchange rate differences from conversion of foreign entities		(295)	(213)	(122)
Effects of measurement of available-for-sale financial assets		-	-	-
Share in other income of affiliates		-	-	-
Income tax on other comprehensive income		-	-	-
Total other comprehensive income		(295)	(213)	(122)
Total comprehensive income		44 872	172 144	35 892

Wrocław, 25 August 2023



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LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN (unless stated otherwise).

4. NET EARNINGS PER ORDINARY SHARE (PLN)

Earnings per share (in PLN per share)	for the period of 3 months ended 30 June 2023	for the period of 12 months ended 31 March 2023	for the period of 3 months ended 30 June 2022
From continued and discontinued operations			
Ordinary	1.75	6.69	1.40
Diluted	1.75	6.69	1.40
From continued operations			
Ordinary	1.75	6.69	1.40
Diluted	1.75	6.69	1.40
Weighted average number of ordinary shares	25 750 000	25 750 000	25 750 000
Weighted average diluted number of ordinary shares	25 750 000	25 750 000	25 750 000

Ordinary profit on continued operations per share is calculated as the quotient of profit on continued operations attributable to ordinary shareholders of the Parent Company and weighted average number of issued ordinary shares in the financial year.

Diluted profit on continued operations per share is calculated as the quotient of profit on continued operations attributable to ordinary shareholders of the Parent Company (after deduction of interest on redeemed preference shares converted into ordinary shares) and the weighted average number of issued ordinary shares in the financial year (adjusted for the effect of diluting options and diluting redeemed preference shares converted into ordinary shares).

LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN (unless stated otherwise).

5. INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY for the period of 3 months ended 30 June 2023	Share capital	Supplementary capital	Exchange rate differences from conversion of a subsidiary	Retained earnings	Total equity
Equity as at 31 March 2023	515	38 580	(604)	136 624	175 115
Transfer of financial result to equity	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Net profit (loss) for the period	-	-	-	45 167	45 167
Other comprehensive income	-	-	(295)	-	(295)
Total comprehensive income	-	-	(295)	45 167	44 872
Equity as at 30 June 2023	515	38 580	(899)	181 791	219 987

STATEMENT OF CHANGES IN EQUITY for the period of 12 months ended 31 March 2023	Share capital	Supplementary capital	Exchange rate differences from conversion of a subsidiary	Retained earnings	Total equity
Equity as at 31 March 2022	515	33 306	(391)	91 080	124 510
Transfer of financial result to equity	-	5 274	-	(5 274)	-
Dividends paid	-	-	-	(121 539)	(121 539)
Total transactions with owners	-	5 274	-	(126 813)	(121 539)
Net profit (loss) for the period	-	-	-	172 357	172 357
Other comprehensive income	-	-	(213)	-	(213)
Total comprehensive income	-	-	(213)	172 357	172 144
Equity as at 31 March 2023	515	38 580	(604)	136 624	175 115

Wrocław, 25 August 2023



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LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN thousand (unless stated otherwise).

6. INTERIM CONSOLIDATED CASH FLOW STATEMENT

Specification	for the period of 3 months ended 30 June 2023	for the period of 12 months ended 31 March 2023	for the period of 3 months ended 30 June 2022
Profit before tax	48 313	185 075	38 738
Total adjustments	7 611	17 693	1 390
Depreciation/amortisation	4 501	14 478	3 328
Change in the balance of receivables	1 634	(832)	(3 919)
Change in the balance of short-term liabilities, save for financial liabilities	1 516	4 663	1 908
Change in the balance of prepayments and accruals	29	(456)	63
Change in the balance of assets and provisions for deferred income tax	(69)	(160)	10
Income tax paid	(7 966)	(7 779)	(2 674)
Other adjustments	(295)	(211)	(123)
Net cash flows from operating activity	47 663	194 778	37 331
Expenditures on acquisition of intangible assets and property, plant and equipment	(7 080)	(32 457)	(4 933)
Proceeds from sale of property, plant and equipment	-	-	-
Net cash flows from investing activity	(7 080)	(32 457)	(4 933)
Payment of liabilities arising from financial lease agreements	(230)	(628)	(208)
Dividends paid	-	(121 539)	-
Net cash flows from financing activity	(230)	(122 167)	(208)
TOTAL NET CASH FLOWS	(230)	40 154	32 190
BALANCE SHEET CHANGE IN CASH, OF WHICH	40 353	40 154	32 190
– change in the balance of cash arising from foreign exchange differences	-	-	83
CASH AT THE BEGINNING OF THE PERIOD	95 820	55 666	55 666
CASH AT THE END OF THE PERIOD	136 173	95 820	87 856

Wrocław, 25 August 2023



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LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN thousand (unless stated otherwise).

7. GENERAL INFORMATION

Information on the parent company

The interim consolidated financial statements of LiveChat Software S.A. Group of Companies ("Group of Companies", "Group") comprise:

- Consolidated statement of financial position as at 30 June 2023, which presents a total balance of assets, liabilities and shareholders' equity in the amount of (PLN thousand) 238,670;
- Consolidated statement of comprehensive income for the period from 1 April 2023 to 30 June 2023, which presents a net profit of (PLN thousand) 45,167 and comprehensive income of (PLN thousand) 44,872;
- Consolidated statement of changes in equity for the period from 1 April 2023 to 30 June 2023, which presents an increase of equity by (PLN thousand) 44,872;
- Consolidated cash flow statement for the period from 1 April 2023 to 30 June 2023, which presents an increase of net cash by (PLN thousand) 40,353;
- Additional notes and explanations.

Group of Companies

The parent company of LiveChat Software Spółka Akcyjna Group of Companies (hereinafter referred to as the "Group of Companies", "Group") is LiveChat Software S.A. (hereinafter referred to as the "Parent Company", "Company").

The Parent Company was established by the Notarial Deed of 10 September 2007. The Parent Company is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Wrocław-Fabryczna – 6th Commercial Division with KRS No. 0000290756.

Name of Parent Company	LiveChat Software
Legal form	Joint-stock company
Name of the higher-level entity	Not applicable
Parent Company's registered office	al. Zwycięska 47, 53-033 Wrocław
Location	Poland
Country of registration	Poland
Principal activity	62.01.Z. Software related activities
Authority keeping the register	District Court, 6 th Commercial Division of the National Court Register
Register of Entrepreneurs of the National Court Register KRS	0000290756
REGON Statistical Number	932803200
Tax Identification Number (NIP)	8992447196

LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN thousand (unless stated otherwise).

Duration of the Company	Indefinite
Name of the reporting entity	LiveChat Software
Name of the ultimate parent of the group	Not applicable
Change in the name of the reporting entity	Not applicable
Principle place of business	Poland

Composition of the Management Board and the Supervisory Board

The Management Board of the Parent Company as at the balance sheet date and the date of approval of the financial statements for publication was composed of:

- Mariusz Ciepły – President of the Management Board;
- Urszula Jarzębowska – Member of the Management Board.

During the reporting period, the composition of the Management Board of the Parent Company did not change. The Supervisory Board of the Parent Company as at the balance sheet date and as at the date of approval of the financial statements for publication was composed of:

- Maciej Jarzębowski – Chairperson of the Supervisory Board;
- Jakub Sitarz – Vice-Chairperson of the Supervisory Board;
- Marta Ciepła – Member of the Supervisory Board;
- Marcin Mańdziak – Member of the Supervisory Board;
- Marzena Czupaluk – Member of the Supervisory Board.

Information on the Group of Companies

The consolidated financial statements of LiveChat Software S.A. Group of Companies cover its subsidiary LiveChat Inc with its registered office at 101 Arch Street, 8th Floor, Boston, MA 02110, USA, in which the Parent Company holds 100% of shares.

Approval for publication

These consolidated financial statements have been prepared for the period from 1 April 2023 to 30 June 2023 and include comparable data for the period from 1 April 2022 to 30 June 2022.

The presented financial statements were approved for publication by the Parent Company's Management Board on 25 August 2023.

Translation of figures presented in a foreign currency and translation into the presentation currency

As at 30 June 2023 balance sheet items were presented in USD using the exchange rate of 1 USD = 4.1066 PLN whereas items in the statement of financial result and comprehensive income were presented using the exchange rate of 1 USD = 4.1793 PLN. The value of the Parent Company's shares in subsidiary LiveChat Inc. was translated using the historical exchange rate of 1 USD = 3.3129 PLN.

8. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES APPLIED

These interim consolidated financial statements are presented in thousands of Polish zlotys ("PLN thousand").

These interim consolidated statements were prepared assuming that the Group companies will continue as going concerns in the foreseeable future.

As at the date of signing of the financial statements, the Management Board of the Parent Company does not identify any facts or circumstances that would indicate that they may not continue as going concerns for the period of at least 12 months from the balance sheet date as a result of voluntary or compulsory discontinuation or material limitation of operations.

Between the end of Q1 of the financial year and the time of approval of these statements for publication, there were no major events that would have a significant impact on the Company's operations or financial results.

During the first three months of the financial year, the company recorded an increase in customers for its products: LiveChat, ChatBot, and Helpdesk. As a result of pricing changes in the previous financial year, the average revenue per customer (ARPU) ratio also remained higher than in the same period last year.

The situation related to the COVID-19 pandemic had no impact on the Company's results and operations in Q1. The organization of work continues to be based on a model in which most of the team works remotely.

Also, the ongoing Russian aggression in Ukraine had, in the opinion of the Management Board, no significant impact on the Company's business. The possibility to set up test accounts from Russia and Belarus continues to be blocked.

The Parent Company's business indicators are simultaneously affected by many factors, including the economic situation in key markets (e.g., the USA, Great Britain, Canada, Australia), product changes, marketing activities, competitors' activities, and many others.

The Management Board of the Parent Company analyses, on an on-going basis, the financial situation of the Group and the economic situation within the scope which might affect the financial results of the Group. The above-mentioned analyses do not indicate that there exists material operational risk and/or market risk (e.g. falling demand for solutions offered by the Group, loss of expected profitability of operating activity) which might pose a threat to the going concern assumption.

A factor that may have a significant impact on the Group's business environment in the coming quarters may be the development of AI (artificial intelligence) technology. The Group is working to introduce further AI-based functionalities (including those using solutions from external suppliers) into its products. The Group's aim is to provide more value to its customers in this way, which should also translate into further growth for the

LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN thousand (unless stated otherwise).

Group and an increase in LiveChat Software's financial results. At the same time, however, rapid technological changes in the market may pose a threat to the Group's market position if it fails to adapt to them effectively.

The application of AI-based solutions can also translate into increased work efficiency. As a result, the size of the Company's team of associates decreased during the quarter.

Declaration of compliance and basis for preparation, effect of changes of applied standards or interpretations

These consolidated financial statements prepared as at the balance sheet date have been prepared in accordance with the International Accounting Standards, the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union (hereinafter referred to as the "IFRS EU").

The IFRS EU comprise standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for application in the EU.

The Parent Company prepared separate financial statements as at the balance sheet date in accordance with the Accounting Act. While preparing the consolidated financial statements as at the balance sheet date, the Parent Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and approved for application in the EU, applicable to its activity.

Standards, interpretations and changes to published Standards endorsed by the EU, which were adopted on 31 March 2023, but are not yet effective for annual periods beginning on or after 1 January 2022, take into account:

- Changes to IAS 1 "Presentation of Financial Statements" – the IAS Board clarified which information regarding the accounting policy applied by the entity is significant and requires disclosure in the financial statements. The Principles focus on tailoring disclosures to the individual circumstances of the entity. The Board warns against the use of standardized provisions copied from IFRS and expects that the basis of the valuation of financial instruments is material information. Effective date: for annual periods beginning on 1 January 2023.
- Changes to IFRS 4 "Insurance Contracts" – Extension of the exemption from applying IFRS 9 until 2023.
- Changes to IAS 8 "Accounting Principles (Policy), Changes in Accounting Estimates and Errors" – The IAS Board introduced a definition of an accounting estimate to the standard: Accounting estimates are monetary amounts in financial statements subject to measurement uncertainty. Effective date: for annual periods beginning on January 1, 2023.
- Changes to IAS 12 "Income Tax" – the IAS Board introduced the rule that if a transaction results in both positive and negative temporary differences in the same amount, assets and liabilities for deferred income tax should be recognized even if

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the transaction does not result from a business combination nor does it affect the accounting or tax result. This means that deferred tax assets and provisions must be recognized, e.g. when temporary differences in equal amounts occur in the case of leases (a separate temporary difference from the liability and right-of-use) or in the case of restoration liabilities. The principle that deferred tax assets and liabilities are offset if current tax assets and liabilities are offset has not been changed. Effective date: for annual periods beginning on 1 January 2023.

- Changes to IFRS 17 "Insurance Contracts" – new standard governing the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4. Amendments to the standard were published in 2020. Effective date: for annual periods beginning 1 January 2023.

When approving these financial statements, the Group did not apply the following standards, changes to standards and interpretations that have not yet been approved for use in the EU, such as:

- Changes to IAS 1 "Presentation of Financial Statements" – the IAS Board has clarified the classification of liabilities as long- or short-term primarily in two respects: (1) it has been clarified that the classification depends on the rights the entity has at the balance sheet date, (2) management's intentions to accelerate or delay payment of the liability are not taken into account. Effective date: for annual periods beginning on 1 January 2023.
- Changes to IFRS 16 "Leases" – the amendment clarifies the requirements for the measurement of the lease liability arising from sale and leaseback transactions. It is intended to prevent inaccurate recognition of the result on a transaction for the retained right-of-use portion when lease payments are variable and do not depend on an index or rate. Effective date: for annual periods beginning 1 January 2024.

While preparing the interim consolidated financial statements as at 30 June 2023, the Group of Companies did not decide on early application of any standard, interpretation or change which was published but has not taken effect yet in the light of the provisions of the European Union.

According to estimates of the Parent Company early application of the above-mentioned standards, interpretations and changes to standards would not have a material effect on these financial statements.

Accounting policies

The accounting policies applied to preparation of these consolidated financial statements are coherent with the policies used for preparation of the annual consolidated financial statements for the financial year ended 31 March 2023.

The statements were prepared according to the principle of historical cost.

Presentation of financial statements

LIVECHAT Software S.A. Group of Companies

Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN thousand (unless stated otherwise).

The financial statements are presented in accordance with IAS 1.

The “Consolidated statement of comprehensive income” is presented in the multiple-step format, whereas the “Consolidated cash flow statement” is presented using an indirect method.

In case of retrospective introduction of amendments to accounting policies or error adjustments, the Company presents the statement of financial position additionally prepared for the beginning of the reference period.

Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of the company controlled by the Parent Company, i.e. the subsidiary, prepared as at 30 June 2023. The Parent Company is assessing whether it exercises control by applying the definition of “control” contained in IFRS 10.

In accordance with the definition, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the Parent Company and the subsidiary covered by the consolidated financial statements are prepared as at the same balance sheet date. Where it is necessary, adjustments are made to the financial statements of the subsidiary in order to standardise the accounting policies used by the company to adapt to the policies used by the Group of Companies.

The subsidiary is covered by consolidation using the full consolidation method.

The full consolidation method consists in combining financial statements of the Parent Company and its subsidiary by way of aggregating full values of particular groups of assets, liabilities, equity, revenues and costs.

In order to present the Group of Companies as if it were a single business entity, the following intercompany inclusions are made:

- As at the moment of acquiring control the company’s goodwill or profit are recognised,
- Non-controlling interests are determined and presented separately,
- Balances of settlements between Group companies and transactions (revenues, costs, dividends) are eliminated in full,
- Gains and losses on intragroup transactions recognised at the carrying value of such assets as inventory and fixed tangible assets are subject to elimination. Losses on intragroup transactions are analysed in terms of asset impairment from the Group’s perspective,
- The deferred tax due to temporary differences resulting from eliminating profits and losses on intragroup transactions is recognised.

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Interim consolidated financial statements for the period of 3 months ended 30 June 2023. All figures are expressed in PLN thousand (unless stated otherwise).

Foreign currency transactions

The consolidated financial statements are presented in Polish zloty (PLN) which is the Parent Company's functional currency.

Transactions expressed in currencies other than Polish zloty are converted to Polish zloty at the rate applicable at the date of the transaction (spot exchange rate).

As at the balance sheet date, financial items in foreign currencies are translated into Polish zloty at the closing exchange rate at the end of the reporting period, that is the average exchange rate fixed for a particular foreign currency by the National Bank of Poland.

Non-monetary items are measured in terms of historical cost in a foreign currency and shown at the historical cost value on the transaction day.

Non-monetary balance sheet items recorded at their fair value, expressed in a foreign currency, are measured at the exchange rate as at the date of fair value determination, i.e. the average exchange rate determined for a particular currency by the National Bank of Poland.

Intangible assets

Intangible assets cover patents and licences, software, research and development costs and other intangible assets that meet the criteria specified in IAS 38. The Group does not have any intangible assets with an unlimited period of use.

Intangible assets as at the balance sheet date are carried at their cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets with finite useful life are amortised using a straight-line method over the period of their useful economic life. Useful lives of particular intangible assets are verified annually and, if necessary, adjusted from the beginning of the following financial year.

The annual amortisation rates for costs of completed research and development are as follows:

- 20% for LiveChat and HelpDesk solutions;
- 30% for ChatBot solutions.

The period was determined on the basis of duration of projects as part of which qualifying expenditures are incurred. Measurement of research and development is the aggregate net value of invoices issued by software developers dedicated to specific solutions (products).

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Costs connected with software maintenance, incurred in future periods, are recognised as period costs at the time they are incurred.

Research and development costs are recognised in the income statement at the moment they are incurred.

Expenditures directly connected with research and development are capitalised only if the criteria below are met:

- Completion of an intangible asset is feasible from the technical point of view so that it can be intended for use or sale,
- The Group intends to complete an asset and use or sell it,
- The Group is capable of using or selling the intangible asset,
- The intangible asset will bring economic benefits, and the Group can prove such benefits, for example by the existence of such an item in the market or its usability for the Group needs,
- The Group is provided with technical, financial or other sources necessary for completing research and development works with a view to selling or using the intangible asset,
- Expenditures incurred in the course of research and development may be reliably measured and allocated to a particular intangible asset.

Expenditures on research and development performed as part of a particular project are carried forward to the following period if they may be expected to be recovered in the future. Future benefits are assessed based on the policies set forth in IAS 36.

After initial recognition of expenditures on research and development, the historical cost method is applied, in accordance with which assets are carried at their cost less any accumulated amortisation and any accumulated impairment losses. Completed research and development is amortised using a straight-line method over the foreseen period of their economic useful life, which on average is 3 years.

Gains and losses arising from disposal of intangible assets are determined as the difference between net proceeds from sale and the carrying value of the intangible asset being disposed of. Such gains and losses are recognised in the financial result as other revenues or operating costs at the time the acquirer takes over control over the intangible asset in accordance with the requirements of IFRS 15. The amount of remuneration in the intangible asset disposal transaction is determined in accordance with the requirements of IFRS 15 relating to transfer pricing.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost. The purchase price is increased by any costs directly connected with the purchase and bringing the asset to the usable state and condition.

After initial recognition of property, plant and equipment, excluding land, it is then presented at its acquisition cost or manufacture cost less depreciation and impairment

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losses. Property, plant and equipment in progress is not depreciated until the construction or assembly is finished and the asset is put into operation.

Assets are depreciated using the straight-line method for the estimated period of use of a particular asset. The annual depreciation rates applied by the Company are as follows:

- computers – 30%;
- adaptation of office space – 50%.

Depreciation starts in a month following the month in which the fixed tangible asset becomes ready for use. Economic useful lives and depreciation methods are verified once a year, resulting in an adjustment, if any, of depreciation charges in the following years.

Fixed tangible assets are divided into elements being items of a significant value, to which a separate useful life period can be assigned. A fixed tangible asset element can also be the cost of a major inspection as well as significant spare parts and equipment, if they are used over a period longer than one year. Current costs incurred after a fixed tangible asset commissioning, such as maintenance and repair costs, are recognised in the income statement on the day they are incurred.

A particular item of property, plant and equipment may be removed from the statement of financial position after disposal or if no economic benefits are expected from further using of such asset. Gains or losses on sale, liquidation or cessation of use of fixed tangible assets are determined as the difference between revenues from sales and the net value of such fixed tangible assets.

Such gains and losses are recognised in the result as other revenues or operating costs at the time the acquirer takes over control over an item of plant, property and equipment in accordance with the IFRS requirements. The amount of remuneration in the plant, property and equipment disposal transaction is determined in accordance with the requirements of IFRS 15 relating to transfer pricing.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party to such instrument. Standardised transactions of purchase and sale of financial assets and liabilities are recognised as at the date of the transaction.

A financial asset is excluded from the financial statements when the rights to cash flows from the financial asset expire or when the financial asset and basically the risk and benefits resulting from this asset are transferred onto another entity.

The Group derecognises a financial liability from its statement of financial position only when it ceases to exist, that means when the obligation specified in the contract was discharged, expired or cancelled. As at the acquisition date, the Group measures financial

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assets and liabilities at their fair value, i.e. usually at the fair value of payment made – in the case of an asset – or received – in the case of a liability. The Group includes the transaction costs in the initial value of all the financial assets and liabilities, except for assets and liabilities measured at their fair value through the consolidated statement of comprehensive income.

As at the balance sheet date, financial assets or liabilities are measured according to the principles shown below:

Financial assets

According to IFRS 9, the Group classifies financial assets into the following categories:

- measured at amortised cost (applies to instruments which, in case of an early repayment cause that an entity gets a smaller payment than the sum of the principal amount and interest (so-called negative compensation),
- measured at the fair value through other comprehensive income,
- measured at the fair value through the financial result.

The classification is made at the moment of the initial recognition of an asset. The classification of financial assets depends on a business model of financial asset management and on the characteristics of contractual cash flows (SPPI test) for a particular financial asset.

In the category of assets measured at amortised cost, the Group classifies accounts receivable, granted loans that successfully passed the SPPI test, other receivables, deposits, cash and cash equivalents.

Financial assets measured at amortised cost are measured at the amount of amortised cost using the effective interest rate method and taking into account any impairment losses. Accounts receivable with the maturity below 12 months from the date they arise (i.e. exclusive of a financing element) not transferred for factoring are not subject to discounting and are measured at the nominal value.

In the category of assets measured at the fair value through other comprehensive income, the Group classifies a financial asset upon fulfilment of the following conditions:

- it is maintained in a business model the purpose of which is to obtain contractual cash flows due to financial assets held or due to sale of financial assets, and
- contractual conditions give the right to obtain on defined dates cash flows consisting only of the capital and interest on capital (i.e. successfully passed the SPPI test).

The effects of changes of the fair value are recognised in other comprehensive income until the asset is no longer recognised in the statement of financial position, when the accumulated profit/loss is recognised in the statement of result.

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In the category of assets measured at the fair value through the financial result, the Group classifies all financial instruments that have not been classified as measured at the amortised cost or measured at the fair value through other comprehensive income.

Gains and losses on a financial asset classified as measured at the fair value through the financial result are recognised in the financial result of the period in which they were generated (including revenues from interest and dividends).

IFRS 9 offers a new approach to loss assessment with respect to financial assets measured at amortised cost. This approach is based on determining the expected losses, irrespectively of whether there were signs for impairment loss or not.

Due to the specificity of the activities run (sales to counterparties with a low credit risk, the lack of impairment losses on financial assets determined on the basis of assessment made in the past, no historically significant unfulfilled liabilities, cooperation with financial institutions with a stable rating), the Group has not recognised in its consolidated statements any impairment losses on the grounds of expected losses, as it finds them insignificant.

The Group does not apply hedge accounting, therefore the IFRS 9 standard does not apply here.

Financial liabilities

Financial liabilities other than hedging derivatives are presented in the following balance sheet items:

- Accounts payable and other liabilities.

After initial recognition, financial liabilities are measured at amortised cost by applying the effective interest method, save for held-for-trading financial liabilities or financial liabilities measured at their fair value through profit or loss.

In the category of financial liabilities measured at their fair value through profit or loss, the Group recognises derivative instruments other than hedging instruments. Short-term accounts payable are measured at the amount due on account of insignificant discount effects.

Gains and losses on measurement of financial liabilities are recognised in profit or loss on financing activity.

Cash and cash equivalents

Cash and cash equivalents cover cash on hand and in bank accounts, as well as short-term investments of high liquidity, easily exchangeable for cash, with low risk of changing value.

Equity

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The share capital is presented at the nominal value of issued shares in accordance with the Articles of Association of the Parent Company and the entry in the National Court Register.

The Parent Company's shares which were purchased and retained by the Parent Company or consolidated subsidiaries reduce equity. Treasury shares are measured at cost.

The capital from the sale of shares above their nominal value is created from the surplus of the issue price above the share nominal value decreased by the issuance cost.

The other capitals comprise earnings retained by the Company.

Provisions, liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Date of incurring as well as the amount of the obligation may be uncertain.

Provisions are not recognised for future operating losses.

Provisions are recognised at the estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available as at the date of preparation of the consolidated financial statements, including evidence concerning risks and uncertainties. In case money impact in time is significant, the provision amount is determined by discounting the prospected future cash flows to the current value using a discount rate reflecting current market assessments of money value in time and the possible risk related to a particular obligation. If the discounting method is applied, the increase in the provision connected with the passing of time is recognised as a financial cost.

If the Group expects the costs covered by the provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognised as a separate asset, but only when it is reasonably certain that the reimbursement will be received. However, the value of the asset may not exceed the amount of the provision.

In case outflow of resources for settling the present obligation is not possible, the contingent liability is not recognised in the balance sheet, except for contingent liabilities identified in the process of business combination according to IFRS 3.

The Parent Company recognises especially provisions for servers' maintenance costs due to sales completed.

Leasing

IFRS 16 defines rules of recognising certain leasing items in terms of measurement, presentation and disclosure of information. In line with IFRS 16 all contracts complying

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with the definition of a leasing or contracts that include leasing are presented according to the model that so far has been applied to financial leasing contracts.

Such contracts constitute a lease and have been recognized in accordance with a uniform model of lessee accounting, which entailed recognizing assets due to the right of use of buildings and liabilities thereto, which reflect the obligation to make lease payments.

The Group owns a single agreement, which according to IFRS 16, meets the criteria of a lease – being a contract for the lease of the office and the registered office of the Parent Company.

Revenues from sales

IFRS 15 “Revenue from contracts with customers” was published by the IFRS Board on 28 May 2014 and applies to annual periods commencing on 1 January 2018 or after this date.

In accordance with IFRS 15, revenues from sales of services, less value added tax, discounts and rebates are recognised when the obligation to perform is fulfilled by providing the counterparty with a service.

Revenues include received or due inflows of economic benefits to which the Group is entitled. Receivables from sales are amounts due or received for sales of assets and services, less applicable value added tax. The amount of revenues is determined at the fair value of payment received or due, taking into account any commercial discounts granted by the Group. Revenues from sales of services are recognised in the period in which the services were provided.

The Group’s business is mostly based on retail sales to the end client (natural or legal person). When a service purchase agreement is entered into, specified goods are immediately transferred via online distribution channels at the time payment is received by the financial intermediary (payment aggregator).

In the course of ongoing business of the Group, agreements are continuously entered into with end clients with the use of agreements signed remotely (i.e. acceptance of the terms of service and payment on terms and conditions defined by the Group).

According to the standard, variable amounts are not treated as revenues, unless there is a strong likelihood that in the future they will be reversed as a result of revaluation. Recognition and revaluation in the standard are also applied to recognition and measurement of profit/loss on sale of non-financial assets, if such sale is not made in the regular course of the economic activities run.

The Group presents the recognised revenues from contracts with customers divided into categories, which reflect the way economic factors affect the nature, amount, payment date and uncertainty of revenues and cash flows.

Revenues from sales are exclusively revenues generated by contracts concluded with customers which are subject to IFRS 15. The way of treating revenues from sales in the consolidated financial statements of the Group, including the value as well as the moment of recognising the revenues, is defined by a five-stage model consisting of the following steps:

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- identifying the contract with a customer,
- identifying obligations to render services,
- determining the transaction price,
- attributing the transaction price to the obligations to render services,
- recognising the revenue when performing the obligations to render services or after they have been completed.

Almost 95% of the consolidated sales revenues of the Group are generated by its subsidiary – LiveChat Inc. Revenues include 1, 3, 6, and 12-month licenses for the Issuer's products offered in the B2B segment, with all revenues recognized at the time of obtaining them (at a point in time).

In accordance with the general terms and conditions of LiveChat Inc., the company is entitled to make changes such as adding, removing, or modifying individual functionalities, and even discontinuing the provision of services, in particular when it is related to the need for their modification or further development. However, the service provider is not obliged to make such changes or updates. The support provided by the Company in no way relates to the infrastructure, equipment, or Internet access on the part of customers.

Interest and dividends

Interest revenues are recognised progressively as they accrue in accordance with the effective interest rate method. Dividends are recognised when the shareholder's right to receive payment is established.

Operating costs

Operating costs are recognised in the income statement using the matching principle. In its consolidated financial statements, the Group presents costs according to the respective cost centres.

Income tax (inc. deferred tax)

The tax charged to the financial result comprises current tax and deferred tax, which was not recognised in other comprehensive income or directly in equity.

Current tax expense is calculated based on taxable income (taxable basis) for a given financial year. Taxable profit (loss) differs from the gross profit (loss) presented in the books due to a temporary transfer of taxable revenues and costs being the cost of obtained revenues to other periods and due to excluding revenue and cost items which will never be subject to taxation. Tax charges are computed based on tax rates in force in a given tax year.

The Parent Company as a company that runs research and development activities gets its revenues from qualifying intellectual property rights and uses the preferential tax rate.

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The Company as of 22 October 2019 was granted an individual interpretation of tax law regulations concerning corporate income tax and issues related to preferential tax rates applied to income generated by intellectual property rights.

In order to be eligible for the IP Box tax relief, the Company:

- divides the taxable income into income from qualifying intellectual property rights and from other sources,
- calculates the nexus ratio for income from qualifying intellectual property rights according to the rules defined in the Corporate Income Tax Act,
- the nexus ratio is used for computing the amount of tax for each income source.

Deferred income tax is calculated by applying the balance sheet method as tax payable or refundable in the future on differences between the carrying values of assets, liabilities and shareholders' equity and the corresponding tax values used for calculation of the taxable basis.

Deferred income tax liability is recognised on all positive taxable temporary differences and deferred income tax assets are recognised up to the amount in which it is probable that future tax gains may be reduced by recognised negative temporary differences. Neither an asset nor provision is recognised if the temporary difference results from the initial recognition of assets or liabilities in a transaction which is not a business combination and which at the time of its occurrence does not have an impact either on the taxable or accounting result. Deferred income tax liabilities are not recognised for goodwill which is not subject to amortisation under the provisions of tax law.

Deferred income tax is calculated with the use of tax rates which will be applicable when the asset is recovered or the liability is settled, based on legal provisions applicable as at the balance sheet date.

The value of deferred income tax assets is analysed as at each balance sheet date, and in case the prospecting taxable profits will not be sufficient to realise the asset or its part, a relevant impairment loss is recognised.

Subjective judgement made by the Management Board and uncertainty of assessments

While preparing the consolidated financial statements, the Management Board of the Parent Company follows judgement when making estimates and assumptions that affect the applied methods and the presented amounts of assets, liabilities, equity, revenues and costs. The actual results may differ from the estimates of the Management Board.

Information on the estimates and assumptions which are significant for the consolidated financial statements is presented below.

Judgments connected with research and development

The Group begins capitalising expenditures on research and development when it is possible to demonstrate that such works will constitute probable future economic benefits

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and provided that the Group has sufficient funds required for completion, use and derivation of benefits from an intangible asset. Fulfilment of both criteria, i.e. possibility to derive future economic benefits and having sufficient funds, is based on judgment of the Management Board arising from an analysis of the market and the Group's financial situation.

Recognising revenues from contracts with customers

The Company recognises revenues using the so-called five-step model provided for in IFRS 15. The revenues comprise only the amounts received or due that are equal to transaction prices the Company is entitled to after meeting (or when meeting) the obligation to render services, namely, to transfer the promised goods or services (that is an asset) to the customer.

Revenue includes 1, 3, 6 and 12 month licenses. After the expiry of the free trial period, in which the customer can learn about the product's functionalities, the fee for subsequent periods is charged "in advance". All income is recognized as it is earned (at a point in time). The company is entitled to introduce changes such as adding, removing or modifying individual functionalities, and even cessation of services, in particular in a situation where it is related to the need to modify or further develop them. However, the service provider is not obliged to make such changes or updates.

The transaction price means the amount, to which, as the Company expects, the Company will be entitled to for transferring the promised goods or services, less VAT.

Periods of economic useful life of non-current assets

The Management Board of the Parent Company verifies annually (as at the balance sheet date) periods of economic useful life of non-current assets subject to amortisation. As at 31 March 2023, the Management Board estimates that the economic useful life periods accepted by the Group for amortisation purposes reflect the expected periods of receiving economic benefits from those assets in the future. However, the actual periods of receiving benefits from those assets in the future may differ from the assumed ones, also due to technical ageing of the assets.

Provisions

The Management Board of the Parent Company assesses the cost of maintenance of servers related to the sold accesses to the offered software. The cost estimates are made based on the number of customers and distribution of licences in time as well as on the costs incurred on the service maintenance. This creates the basis for computing a provision for costs necessary for correct and stable functioning of the license in future periods purchased by clients, they comprise servers costs and support care.

Deferred income tax assets

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Probability of settling deferred income tax assets with future taxable profits is based on the budget of the Group companies approved by the Management Board of the Parent Company. If the projected financial results show that the Group companies will reach taxable income, deferred income tax assets recognised in full amount.

Impairment loss on non-financial assets

In order to determine the useful value, the Management Board assesses the projected cash flows and the rate at which the cash flows are discounted to the current value. In the process of measuring the current value of future cash flows, the projected financial results are assumed. The assumptions refer to future events and circumstances.

The actually realised values may differ from the estimated ones, which in the following reporting periods may cause adjustments in the value of the assets of the Group.

Expected credit losses on financial assets

Losses relating to financial assets measured at amortised cost are assessed by determining the expected losses, independently of whether there were circumstances for impairment loss or not. Owing to the nature of the activities run (sales to customers with low credit risk, the lack of impairment losses on financial assets determined on the basis of assessments made in the past, no historical unfulfilled liabilities, cooperation with financial institutions that have a stable rating), the Group has not recognised any impairment losses in its consolidated statements on the basis of expected losses because it found them insignificant.

9. ADDITIONAL INFORMATION AND EXPLANATIONS

9.1. Explanatory notes to the statement of financial position

Note 1. Property, plant and equipment

Property, plant and equipment	As at	
	30 June 2023	31 March 2023
Buildings and structures	756	987
Technical equipment and machinery	1 462	1 686
TOTAL PROPERTY, PLANT AND EQUIPMENT	2 218	2 673

The most important element of items other than buildings and structures is computer equipment. As at 30 June 2023, there were no significant liabilities due to the purchase of fixed tangible assets. Buildings and structures are related to expenditures incurred at the registered office of the Parent Company.

Property, plant and equipment in the reporting period from 1 April 2023 to 30 June 2023	Buildings and structures	Technical equipment and machinery	Total property, plant and equipment
Gross balance sheet value as at the Opening Balance	4 272	5 518	9 790
Direct acquisitions	-	-	-
Decreases resulting from sale	-	-	-
Decreases resulting from liquidation	-	-	-
Gross balance sheet value as at the Closing Balance	4 272	5 518	9 790
Accumulated amortisation as at the Opening Balance	3 285	3 832	7 117
Increase of amortisation for the period	230	225	455
Decreases resulting from sale	-	-	-
Decreases resulting from liquidation	-	-	-
Accumulated depreciation as at the Closing Balance	3 515	4 057	7 572
Value of impairment losses as at the Opening Balance	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-
Net value as at the Closing Balance	757	1 461	2 218

Property, plant and equipment in the reporting period from 1 April 2022 to 31 March 2023	Buildings and structures	Technical equipment and machinery	Total property, plant and equipment
Gross balance sheet value as at the Opening Balance	4 272	4 997	9 269
Direct acquisitions	-	935	935
Decreases resulting from sale	-	-	-
Decreases resulting from liquidation	-	414	414
Gross balance sheet value as at the Closing Balance	4 272	5 518	9 790
Accumulated amortisation as at the Opening Balance	2 657	3 380	6 037
Increase of amortisation for the period	628	864	1 492
Decreases resulting from sale	-	-	-
Decreases resulting from liquidation	-	412	412
Accumulated depreciation as at the Closing Balance	3 285	3 832	7 117
Value of impairment losses as at the Opening Balance	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-
Net value as at the Closing Balance	987	1 686	2 673

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The Group implemented IFRS 16 Leasing on 1 April 2019. As a result of application of the standard as at 1 April 2019, assets in the form of the right to use office space were recognised in the consolidated statement of financial position. These assets are disclosed in the consolidated statement of financial position under *Property, plant and equipment, buildings and structures*.

Details concerning application of IFRS 16 Leasing are described in Section 8 *Basis for preparation of the financial statements and accounting policies*.

The value of the machinery and equipment purchased in the current period amounted to 0 PLN. Therefore, as at 30 June 2023, there were no liabilities due to the purchase of fixed tangible assets.

Note 2. Intangible assets

Intangible assets	As at	
	30 June 2023	31 March 2023
Research and development costs	52 946	52 284
Other intangible assets, including intangible assets in progress	7 080	4 708
TOTAL INTANGIBLE ASSETS	60 026	56 992

The table below presents the main items of development work related to applications

Costs of research and development, including costs related to the following applications:	As at	
	30 June 2023	31 March 2023
LiveChat	40 557	39 770
ChatBot	1 727	1 686
HelpDesk	3 055	3 022
Text.com	7 607	7 806
TOTAL	52 946	52 284

Intangible assets in the reporting period from 1 April 2022 to 30 June 2023	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at the Opening Balance	95 547	4 708	100 255
Reclassifications	4 708	2 372	7 080
Gross balance sheet value as at the Closing Balance	100 255	7 080	107 335
Accumulated amortisation as at the Opening Balance	43 263	-	43 263
Increase of amortisation for the period	4 046	-	4 046
Accumulated amortisation as at the Closing Balance	47 309	-	47 309
Value of impairment losses as at the Opening Balance	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-
Net value as at the Closing Balance	52 946	7 080	60 026

Intangible assets in the reporting period from 1 April 2022 to 31 March 2023	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at the Opening Balance	64 333	4 401	68 734

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Reclassifications	31 214	307	31 521
Gross balance sheet value as at the Closing Balance	95 547	4 708	100 255
Accumulated amortisation as at the Opening Balance	30 278	-	30 278
Increase of amortisation for the period	12 985	-	12 985
Gross balance sheet value as at the Closing Balance	43 263	-	43 263
Value of impairment losses as at the Opening Balance	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-
Net value as at the Closing Balance	52 284	4 708	56 992

A significant component of intangible assets is costs of non-completed research and development connected with subsequent versions of products offered by the Group, with the value of PLN (thousand) 7,080 as at 30 June 2023 (as at 31 March 2023 – PLN (thousand) 4,708).

Costs of non-completed research and development relate to products put into service (LiveChat, ChatBot, text.com and HelpDesk), i.e., released for production. Such costs only include direct expenditures on services connected with the development of applications such as programming services or testing services. All expenditures on development works incurred in the period of approx. 2 months are then accepted as costs for production (once a product is made available to customers).

LiveChat, ChatBot, and HelpDesk products account for nearly 100% of the Group's net sales revenues and, therefore, constitute complete cash-generating units.

The Parent Company conducts an impairment test for the expenditure incurred on development works. As a result of the impairment test carried out as at 31 March 2023, it should be stated that there was no impairment of the expenditure incurred on development works. In addition, it should be noted that there are no decreases in the costs of unfinished development works because all expenses for development works incurred in the period of approx. 2 months are then accepted for production and spent. The next impairment test for the expenditure incurred on development works will be carried out on 31 March 2024.

The recoverable amount of cash-generating units to which the costs of unfinished development work with an indefinite useful life have been allocated was determined based on the value in use calculated on the basis of a cash flow forecast.

The main assumptions made to determine the value in use concerned:

- profitability of sales of services;
- the level of capital expenditure;
- the level of involvement of working capital;
- a discount rate based on the weighted average cost of capital and reflecting current market assessments of the time value of money and operating risks.

The impairment test was performed on the basis of the following assumptions in two scenarios:

31 March 2023	Scenario 1	Scenario 2
Discount rate	11.00%	12.50%
Residual growth rate	3.50%	4.00%
EBITDA Profitability	59.95% – 62.98%	60.60% – 63.00%

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EBIT Profitability	56.02% – 48.54%	56.70% – 58.50%
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The test did not show the need to recognize the impairment loss for the above-mentioned assets. The Management Board of the Parent Company is convinced that any reasonably possible change in any key assumption identified in the course of the tests performed will not cause the carrying amount of the tested asset to significantly exceed its recoverable amount.

At the time of publication of this report, there were no circumstances obliging the Group to prepare an update of the above-mentioned impairment test.

Intangible assets are not subject of hedge accounting in any of the presented periods. The Group does not have any intangible assets intended for sale.

Note 3. Long-term receivables

Long-term receivables as at 30 June 2023 mainly relate to security deposits. In the period from 1 April 2023 to 30 June 2023 as well as in the comparative period, the Company did not recognise any impairment losses on long-term receivables.

Note 4. Prepayments and accruals

Long-term active prepayments	As at	
	30 June 2023	31 March 2023
Long-term prepayments	2	2
TOTAL LONG-TERM PREPAYMENTS	2	2

Short-term prepayments are related to costs accounted for over time.

Active short-term prepayments	As at	
	30 June 2023	31 March 2023
Annual fees (domains, licenses)	826	792
Other	13	75
TOTAL SHORT-TERM PREPAYMENTS	839	867

Note 5. Accounts receivable and other receivables

The majority of accounts receivable concerns short-term receivables from payment agents and transfer of payments collected from customers. The other accounts receivable mature at up to 30 days.

Accounts receivable and other receivables are measured at the amount of the amortised cost using the effective exchange rate method and taking into account impairment losses on receivables. The book value of receivables is close to their fair value.

Accounts receivable with maturity date of below 360 days following the date they occur are not subject to discounting.

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Receivables	30 June 2023			31 March 2023		
	Value	Impairment losses	Balance sheet value	Value	Impairment losses	Balance
Accounts receivables	3 028	-	3 028	2 341	-	2 341
Other receivables	35 607	-	35 607	37 928	-	37 928
- of which tax receivables	35 483	-	35 483	37 861	-	37 861
TOTAL RECEIVABLES	38 635	-	38 635	40 269	-	40 269

As at 30 June 2023, the Group had overdue receivables in the amount of PLN 237.50.

Note 6. Cash and cash equivalents

Cash in bank bears interest according to a variable interest rate. The fair value of cash and cash equivalents equals their balance sheet value.

Cash	As at	As at
	30 June 2023	31 March 2023
Cash at hand	136 160	95 807
Cash in bank	13	13
TOTAL CASH:	136 173	95 820
- including cash of limited availability	-	-

Cash in foreign currencies is measured as at the balance sheet date according to the average currency exchange rate for a particular currency determined by the National Bank of Poland.

Cash – monetary structure	As at	As at
	30 June 2023	31 March 2023
Cash in PLN	104 461	73 490
Cash in USD	31 712	22 330
TOTAL CASH:	136 173	95 820

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Note 7. Equity

7.1. Share capital

SHARE CAPITAL (STRUCTURE) – 30 June 2023								
Name of series	Type of shares	Type of share preference	Type of share right limits	Number of shares (in thousand items)	Nominal value of series / issue	Payment method	Date of registration	Right to dividend (since)
A series	ordinary bearer shares	none	none	25 000	500 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
B series	ordinary bearer shares	none	none	750	15 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
Total number of shares (in thousand items)				25 750				
Total share capital (PLN)					515 000			
Nominal value of 1 share = PLN 0.02								

SHARE CAPITAL (STRUCTURE) – 31 March 2023								
Name of series	Type of shares	Type of share preference	Type of share right limits	Number of shares (in thousand items)	Nominal value of series / issue	Payment method	Date of registration	Right to dividend (since)
A series	ordinary bearer shares	None	None	25 000	500 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
B series	ordinary bearer shares	None	None	750	15 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
Total number of shares (in thousand items)				25 750				
Total share capital (PLN)					515 000			
Nominal value of 1 share = PLN 0.02								

People who are entitled to dividend are people who on the dividend day will have shares of LIVECHAT Software Spółka Akcyjna on a securities account. The Parent Company's shareholders are entitled to dividend from the net profit presented in the statements of LIVECHAT Software Spółka Akcyjna in the amount fixed by the General Annual Meeting of Shareholders. A single ordinary share entitles to cast one vote.

A series shares:

A series shares are shares issued in relation to the transformation of "LIVECHAT" Spółka z ograniczoną odpowiedzialnością, the legal predecessor of the Issuer, into LiveChat Spółka Akcyjna. The transformation was adopted by the resolution of the General Meeting of Shareholders of "LIVECHAT" Spółka z ograniczoną odpowiedzialnością of 10 January 2007. The resolution was recorded by Marek Leśniak, notary of Kancelaria Notarialna Leśniak i Kawecka-Pysz Spółka partnerska with its registered office in Wrocław, Roll of

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Deeds A No. 1324/2007. The transformation was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register of 16 October 2007.

At the time of transformation the Issuer's share capital amounted to PLN 500,000 and was divided into 5,000,000 A series ordinary bearer's shares with the nominal value of PLN 0.10 each.

On 29 November 2013, the General Meeting of Shareholders of the Issuer adopted a resolution to change the Issuer's Articles of Association, including, among other things, a stock split, fixing the nominal share value at PLN 0.02 (two grosze). The resolution was recorded by Karolina Warczak-Mańdziak, notary of Kancelaria Notarialna dr Wisława Boć-Mazur i Karolina Warczak-Mańdziak spółka cywilna with its registered office in Wrocław, Roll of Deeds A No. 12380/2013. The shares were split in the proportion of 1:5 so that each individual share of the Issuer, including each individual A series share, was split into 5 shares.

The change in the Issuer's Articles of Association covering a change in the share nominal value was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, of 18 December 2013. As a result of the above-mentioned registration, A series shares comprise 25,000,000 ordinary bearer's shares with the nominal value of PLN 0.02 each.

B series shares:

On 26 April 2010, the General Meeting of Shareholders of the Issuer adopted a resolution to increase the Issuer's share capital by the amount of PLN 15,000 through B series bearer's shares waiving the pre-emptive right of the Company's current shareholders as well as to amend the Company's Articles of Association. By virtue of the said resolution the General Meeting of Shareholders decided to increase the share capital by PLN 15,000 by issuing 150,000 B series ordinary bearer's shares with the nominal value of PLN 0,10. The series B shares were subscribed for in full by Mariusz Ciepły and paid for by way of cash contribution in the amount of PLN 15,000. The issue price of series B shares was 0.10 PLN per share.

On 29 November 2013, the General Meeting of Shareholders of the Issuer adopted a resolution to change the Issuer's Articles of Association, including, among other things, a stock split, fixing the nominal share value at PLN 0.02 (two grosze). The resolution was recorded by Karolina Warczak-Mańdziak, notary of Kancelaria Notarialna dr Wisława Boć-Mazur i Karolina Warczak-Mańdziak spółka cywilna with its registered office in Wrocław, Roll of Deeds A No. 12380/2013. The shares were split in the proportion of 1:5 so that each individual share of the Issuer, including each individual B series share, was split into 5 shares. The change in the Issuer's Articles of Association covering a change in the share nominal value was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, of 18 December 2013. As a result of the above-mentioned registration, B series shares comprise 750,000 ordinary bearer's shares with the nominal value of PLN 0.02 each.

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Shareholder	Share in the capital as at 30 June 2022	Share in the capital as at 31 March 2023	Share in the capital as at 30 June 2023	Share in the capital as at the date of preparation of the financial statements
PTE Allianz Polska	6.18%	7.10%	7.10%	7,10%
Aviva OFE Aviva Santander	6.69%	0.00%	0.00%	0,00%
Nationale-Nederlanden PTE	0.00%	6.20%	6.20%	6,20%
Shareholders' Agreement, including over 5% of the capital:	41.90%	41.64%	41.64%	41,64%
<i>Mariusz Ciepły</i>	13.07%	13.07%	13.07%	13,07%
<i>Jakub Sitarz</i>	11.69%	11.69%	11.69%	11,69%
<i>Maciej Jarzębowski</i>	9.19%	9.19%	9.19%	9,19%
Others	45.23%	45.06%	45.06%	45,06%
RAZEM	100.00%	100.00%	100.00%	100,00%

7.2. Supplementary capital

The supplementary capital was created when the Company retained a part of its earnings from previous years. The Company made a distribution of the previous year's result according to Section 347(4) of the Code of Commercial Companies and Partnerships.

7.3. Retained earnings (accumulated loss)

Retained earnings include dividend advances paid, retained earnings from previous years and net profit (loss) for the financial year.

Undistributed result of previous years refers only to undistributed net result of previous years and does not contain any other economic events.

By virtue of the resolution adopted by the General Meeting of Shareholders of 18 August 2023, net profit of the Parent Company for 2022/2023 in the amount of 171,724,361.09 PLN was allocated to:

- increasing supplementary capital of the Parent Company – PLN 18,511,861.09;
- payment of dividends to shareholders in the amount of PLN 153,212,500.00 which means that dividend per share will be PLN 5.95.

Pursuant to the Resolution of the Management Board No. 01/12/2022 of 5 December 2022, it was decided to pay an advance dividend from net profit for the financial year 2022/2023. The agreed amount of the advance dividend was PLN 37,595,000.00, which is no more than half of the net profit of the Parent Company disclosed in the financial statements as at 30 September 2022. The advance payment covered 25,750,000 shares, therefore, the amount of the advance payment per share of the Parent Company is PLN 1.46. On 29 December 2022, the shareholders entitled to receive the advance on the expected dividend were determined, and the advance was paid on 5 January 2023.

Pursuant to the Resolution of the Management Board of 3 July 2022, it was decided to pay an advance dividend from net profit for the financial year 2022/2023. The agreed amount of the advance dividend was PLN 37,595,000.00, which is no more than half of the net profit of the Parent Company disclosed in the financial statements as at 31 March 2023. The advance payment covered 25,750,000 shares, therefore, the amount of the advance payment per share of the Parent Company is PLN 1.46. On 28 July 2023, the shareholders entitled to receive the advance on the expected dividend were determined, and the advance was paid on 5 August 2023.

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The Parent Company paid the shareholders a dividend from the Company's net profit for the financial year 2022/23 in the amount of PLN 113,300,000.00, of which PLN 29,355,000.00 relates to payments made in the financial year 2022/2023 for advance dividend payments. At the time of preparing these financial statements, in the financial year of 2023/2024 the Company made an advance payment on account of the expected dividend from the Company's net profit for the financial year 2022/2023 in the amount of PLN 37,595,000.00, and the remaining part of the company dividend from the Company's net profit for the financial year 2022/2023 in the amount of PLN 78,022,500.00 will be paid on 1 September 2023.

Note 8. Lease liabilities

On 2 August 2017, the Parent Company and Zwycięska 45 sp. z o.o. sp. k. with its registered office in Świdnica entered into a lease agreement (hereinafter referred to as the "Agreement") regarding real property with a building used as an office by the Parent Company. The Agreement was entered into for a fixed term to 29 February 2020 and then extended by Annex No. 1 to the Agreement to 31 March 2020 and by Annex No. 2 to the Agreement to 31 March 2024.

As at 1 April 2019, the Parent Company recognised for the first time the liability under the Agreement in accordance with IFRS 16 Leasing and recognised the asset in the form of the right to use the premises. Details concerning application of IFRS 16 Leasing are described in Section 9 *Basis for preparation of the financial statements and accounting policies*.

Short-term liabilities include other financial liabilities related to the lease liability recognized in accordance with IFRS 16 in relation to the Agreement and amounting to PLN 756,000. Long-term liabilities are not present on this account.

Note 9. Accounts payable and other liabilities

Accounts payable and other short-term liabilities	As at	As at
	30 June 2023	31 March 2023
Accounts payable	15 616	15 081
Current income tax liabilities	269	5 089
Other financial liabilities	756	912
Accruals and other liabilities	2 042	1 059
TOTAL SHORT-TERM LIABILITIES	18 683	22 141

Short-term liabilities as at 30 June 2023 – aging structure	Current	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	Total
Accounts payable	15 616	15 616	-	-	15 616
Current income tax liabilities	269	269	-	-	269
Financial liabilities	756	-	229	527	756
Liabilities due to other taxes, customs duties and social insurance	2 042	2 042	-	-	2 042
TOTAL	18 683	17 927	229	527	18 683

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Short-term liabilities – currency structure	30 June 2023		31 March 2023	
	in currency	in PLN after conversion	in currency	in PLN after conversion
PLN	17 192	17 192	20 597	20 597
USD	363	1 491	360	1 545
TOTAL	-	18 683	-	22 142

Almost all liabilities are denominated in PLN. Accounts payable also include a provision for estimated cost of maintenance of servers amounting to PLN 6,536,000.

Change in the balance of the provision for maintenance of servers	For the period ended	For the period ended
	3 months	12 months
	30 June 2023	31 March 2023
As at the Opening Balance	6 165	4 420
Recognition of the provision during the financial year	371	1 746
As at the Closing Balance	6 536	6 166

9.2. Notes to the statement of comprehensive income

Note 10. Revenues from sales

The business of the Group of Companies is based on production and distribution of communication software for businesses. The Management Board does not distinguish separate business segments meeting the definition of Article 5 of IFRS 8, including revenues, costs, assets and liabilities for which separate financial information would be prepared and on the basis of which decisions relating to allocation of resources were made by the main body responsible for operating

Revenues from sales (continued operations)	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Revenues from sales of products	83 476	66 780
Revenues from sales of services	-	-
Revenues from sales of merchandise	-	-
Revenues from sales of materials	-	-
TOTAL REVENUES FROM SALES	83 476	66 780

The Group of Companies generates revenues as part of production lines which represent the main products supplied by the Group of Companies.

Revenues from sales (product line), of which:	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
LiveChat	77 337	61 596
ChatBot	4 558	4 032
HelpDesk	1 519	1 152
KnowledgeBase	62	-
TOTAL REVENUES FROM SALES	66 780	48 909

Almost 95% of the consolidated revenues from sales is generated by the Group through its subsidiary in the USA. They comprise 1 and 12 months' licences for LiveChat products in B2B segment. The sales are based on fixed prices. The remaining consolidated

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revenues from sales are generated, among other things, from rental of office space and sales of non-financial non-current assets.

Revenues from sales (geographical structure)	For the period of 3 months ended	For the period of 3 months ended
	30 June 2023	30 June 2022
Poland	2 038	1 024
Sales revenues in countries where the share of revenues exceeds 5%:	32 109	24 986
USA	6 258	19 815
UK	25 851	5 171
Other*	49 329	40 770
TOTAL REVENUES FROM SALES	83 476	66 780
*Relates to sales revenues from countries whose revenues do not exceed 5% of revenues and revenues that have not been assigned to any country due to the lack of information about the country – the customer's seat		

The Group does not have any significant long-term sales contracts. A single sale is entered in the books at the time of payment for the sale of a license, so there is no risk related to a deferred payment. Owing to the above, there are no estimates in measurement of revenues from sales.

The right to return occurs rather rarely in a changed form. The unused part of the license can be changed, however, it cannot be given back. It is also not possible to return the used license part.

Note 11. Costs of operating activity

Costs by type	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Depreciation/amortisation	4 501	3 328
Consumption of materials and energy	50	101
Third party services	25 982	23 375
Taxes and charges	-	6
Costs of employee benefits	2 045	958
Other prime costs	855	782
Foreign exchange differences relating to operating activity	1 713	(466)
TOTAL COSTS BY TYPE	35 146	28 084
Adjustments:		
Change in the balance of products	-	-
Cost of goods sold	15 165	10 016
Cost of sales	14 497	13 710
General administrative costs	5 484	4 358
TOTAL OPERATING COSTS	35 146	28 084

Note 12. Other operating revenues and costs

Other operating revenues refer mainly to revenues from sublease (insignificant amounts from the point of view of the consolidated financial statements). The sublease contract was entered into on 2 November 2009 and concerns making a workplace available.

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Note 13. Financial revenues and costs

Financial revenues	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Interest	3	6
Excess of positive foreign exchange translation differences over negative foreign exchange translation differences	-	90
TOTAL FINANCIAL REVENUES	3	96

Financial costs	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Interest	24	63
Excess of negative foreign exchange differences over positive foreign exchange differences	53	-
TOTAL FINANCIAL COSTS	77	63

Note 14. Income tax and deferred tax

Income tax reported in the statement of comprehensive income	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Current income tax	3 215	2 714
Relating to the financial year	3 215	2 714
Deferred income	(69)	10
Connected with origination and reversal of temporary differences	(69)	10
Tax charge reported in the consolidated statement of comprehensive income	3 146	2 724

Reconciliation of gross profit to taxable basis is presented below:

Specification	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Gross profit (loss)	48 313	38 738
Differences between gross profit (loss) and the taxable basis (by title)	705	2 078
Taxable income, of which:	49 018	40 816
Income tax calculated on the basis of the rate applied (both current and deferred tax)	3 146	2 724
Income tax calculated on the basis of the rate applied, of which:	3 146	2 724
<i>income tax at the rate of 5% (IP Box)</i>	2 233	1 801
<i>income tax at the rate of 19%</i>	913	940

From the financial year 2020/2021 financial year onwards, the Parent Company benefits from the so-called IP Box relief. This relief means application to income generated from qualified property rights of the rate of 5% instead of the standard rate of 19%. However, the provisions concerning corporate income tax frequently change and, as a result, it is difficult to refer to fixed regulations or legal precedents.

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In addition, the applicable provisions contain ambiguities which result in different opinions on legal interpretation of tax provisions, both between various state authorities and between state authorities and entrepreneurs.

Tax and other settlements can be audited by entities which are entitled to impose high fines, and additional liabilities identified during an audit must be paid together with high interest.

As a result of those circumstances, tax risk in Poland is higher than the one that usually exists in other countries where the tax system is well developed. Tax settlements may be inspected for the period of five years. In effect, amounts reported in the financial statements may change at a later date after they have been finally determined by tax authorities.

The difference between the value of the income tax presented above and the amount of tax indicated in the note to the consolidated statement of comprehensive income is a change in the balance of the deferred tax.

As of the balance sheet date of 30 June 2023, the Parent Company presents deferred income tax assets of PLN 576,000 as well as 0 PLN of deferred income tax liability.

As of the balance sheet date of 31 March 2023, the Parent Company presents deferred income tax assets of PLN 507,000 as well as 0 PLN of deferred income tax liability.

The structure of deferred income tax assets is presented below:

Specification	As at 30 June 2023	As at 31 March 2023
Provision for maintenance of servers	422	413
Investments in third party fixed tangible assets	15	16
Provision for liabilities due to bonuses for the Management Board and other salaries and wages	132	71
Provision for costs of audit	4	3
Negative foreign exchange differences on receivables	3	4
Negative foreign exchange differences on cash	-	-
Negative foreign exchange differences on liabilities	-	-
Total	576	507

The structure of the deferred income tax liability is presented below:

Specification	As at 30 June 2023	As at 31 March 2023
Positive foreign exchange differences on receivables	-	-
Positive foreign exchange differences on cash	-	-
Positive exchange rate differences on liabilities	-	-
TOTAL	-	-

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Deferred income tax assets and deferred income tax liability are measured with the use of tax rates which, according to available forecasts, will be applied at the time deferred income tax assets will be realised or deferred income tax liability will be reversed.

The current part of the income tax for the period of 3 months ended 30 June 2023 and for the period of 12 months ended 31 March 2023 was determined with the use of the corporate income tax rate of 19% of the taxable basis in respect of income from other sources and the rate of 5% of the taxable basis in respect of income from qualifying intellectual property rights (so-called IP Box).

The current deferred part of the income tax for the period of 3 months ended 30 June 2023 and for the period of 12 months ended 31 March 2023 was determined with the use of the expected corporate income tax rate of 6.45% and 6.76%, respectively.

Note 15. Financial instruments

Financial instruments by category	As at 30 June 2023		As at 31 March 2023	
	Book value	Fair value	Book value	Fair value
Financial assets	174 808	174 808	136 089	136 089
Assets measured at the fair value through the financial result	-	-	-	-
Assets measured at amortized cost, of which:	174 808	174 808	136 089	136 089
Own receivables	38 635	38 635	40 269	40 269
Cash	136 173	136 173	95 820	95 820
Financial liabilities	18 683	18 683	22 216	22 216
Liabilities measured at amortized cost	18 683	18 683	22 216	22 216

Financial assets measured at amortised cost comprise cash, accounts receivable and other short-term receivables.

Financial liabilities measured at amortised cost comprise other long-term financial liabilities, accounts payable, current income tax liabilities, other short-term financial liabilities, other short-term liabilities.

9.3. Other explanatory notes

Note 16. Benefits to the key managing staff (including remuneration for Members of the Management Board and the Supervisory Board)

Remuneration for Members of the Management Board

Remuneration for Members of the Management Board of LiveChat Software S.A. collected from 1 April 2022 to 30 June 2022 also comprises a bonus granted by the Supervisory Board for the work of the Management Board and the Company's performance. In the period of 1 April 2023 to 30 June 2023 there were no bonuses paid.

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Name and surname	For the period of 3 months ended 30 June 2023	For the period of 3 months ended 30 June 2022
Mariusz Ciepły	509	279
Urszula Jarzębowska	339	272
TOTAL	848	551

Remuneration for Members of the Supervisory Board

In the reporting period, the value of remuneration for Members of the Supervisory Board amounted to PLN 48,000.

For the period of 3 months ended 30 June 2022, the value of remuneration for Members of the Supervisory Board amounted to PLN 33,000.

Other benefits and unsettled loans and advances to the key managing staff

None.

All transactions with the key managing staff of the Parent Company are carried out on an arm's length basis.

Note 17. Contingent items and other off-balance sheet items

No such events occurred.

Note 18. Employment

The Group does not employ employees, it only collaborates with business entities on a civil-law contract basis.

Average number of collaborators	For the period of 3 months ended 30 June 2023	For the period of 12 months ended 31 March 2023	For the period of 3 months ended 30 June 2022
Blue-collar workers	-	-	-
White-collar workers	271	282	271
Total average number of FTEs	271	282	271

Note 19. Description of factors and events, especially of non-typical nature, having an impact on the financial results

In the opinion of the Company's Management Board, in the period from 1 April 2023 to 30 June 2023 there were no major events, including events of non-typical nature, having an impact on the financial results achieved by the Capital Group.

Note 20. Events after the end of the financial year, not taken into account in the financial statements

Between the end of Q1 of the financial year and the time of approval of these statements for publication, there were no major events having an impact on the Company's operations or financial results.

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Note 21. Transactions with related entities

During the audited period, the Parent Company entered into transactions with consolidated entity LiveChat, Inc. Transactions with LiveChat, Inc. have been excluded from the consolidated financial statements.

As part of the cooperation between related Group entities, the Parent Company provides the LiveChat platform (including all the Group's products) to LiveChat Inc. for the distribution of access services to this platform to external customers.

LiveChat Inc. provides promotional and marketing support services, including activities aimed at acquiring and retaining customers using the LiveChat communication platform, issuing invoices and monitoring the implementation of customer receivables, as well as ongoing monitoring of the industry and the competitive environment. All these activities are part of the distribution activities undertaken by LiveChat Inc., in particular on the American market for the benefit of the Company. LiveChat Inc. provides promotional and marketing services, taking into account the assumptions of the marketing strategy developed by the Parent Company. Activities of LiveChat Inc. are primarily aimed at implementing the strategy with particular emphasis on the American market.

Furthermore, LiveChat Inc. settles with the Parent Company by re-invoicing the costs of purchasing services from external suppliers, mainly from the American market (in particular, this applies to IT services, the direct acquisition of which by an entity not domiciled in the United States is difficult).

The basis of the relationship between the Parent Company and LiveChat Inc. is a business assumption in the form of the Parent Company's willingness to enter the American market with its main product, i.e. the LiveChat communication platform. Due to objective factors, such as, in particular the specificity of the market, the specificity of the competitive environment, and significant legal differences in the field of this business activity, a company operating on the Polish market wishing to enter the American market would find it significantly difficult or even impossible. Hence the decision to establish a subsidiary company in the territory of the United States – LiveChat Inc. and its close cooperation with the Parent Company.

The Parent Company did not enter into any transactions with related parties other than LiveChat Inc.

The Parent Company did not conclude any transactions with related entities on terms other than market terms.

The following is the summary of the value of the transactions of the Parent Company with LiveChat Inc. in the reporting period, broken down into balance sheet and result categories"

Revenues from sales to LiveChat Inc.:	PLN 83.338.000
Costs of services purchased from LiveChat Inc.:	PLN 13.576.000
Receivables from LiveChat Inc.:	PLN 30.155.000
Liabilities to LiveChat Inc.:	PLN 0.00

Note 22. Cyclicity and seasonality of the activities run

No cyclicity or seasonality of sales can be observed in the Group of Companies.

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Note 23. Remuneration of the statutory auditor

On 20 October 2021, the Parent Company entered into an agreement with auditing firm Grant Thornton Polska P.S.A. (formerly: Grant Thornton Polska sp. z o.o. sp. k.) under which the scope of works of the auditing firm covers the following works relating to the financial year 2021/2022 and to the financial year 2022/2023:

- Auditing the interim financial statements of the Parent Company for the period from 1 April 2021 to 30 September 2021 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 17,000 net;
- Reviewing the (consolidated) interim financial statements for the period from 1 April 2021 to 30 September 2021 and preparing the review report – the value of remuneration for the auditing firm: PLN 10,000 net;
- Auditing the separate financial statements of the Parent Company for the period from 1 April 2021 to 31 March 2022 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 32,000 net;
- Auditing the consolidated financial statements of the group of companies for the period from 1 April 2021 to 31 March 2022, ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 20,000 net.
- Auditing the interim financial statements for the period from 1 April 2022 to 30 September 2022, ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 17,000 net.
- Reviewing the (consolidated) interim financial statements for the period from 1 April 2022 to 30 September 2022 and preparing the review report – the value of remuneration for the auditing firm: PLN 10,000 net;
- Auditing the separate financial statements of the Parent Company for the period from 1 April 2022 to 31 March 2023, ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 27,000 net;
- Auditing the consolidated financial statements of the group of companies for the period from 1 April 2022 to 31 March 2023, ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 20,000 net.

In the reporting period, the Parent Company paid remuneration to Grant Thornton Polska P.S.A. in the amount of PLN 23,628.10. In a comparable period to the reporting period, the Company paid remuneration to Grant Thornton Polska P.S.A. in the amount of PLN 26,090.56.

Note 24. Objective and principles of risk management

The main financial instruments used by the parent entity and its subsidiaries are cash and short-term deposits. The main objective of those financial instruments is optimization of the financial result of the Group and hedging exchange rate risk. The Group also has other financial instruments, such as accounts receivable and accounts payable, which arise in the course of its operations.

The Group does not trade in financial instruments.

FOREIGN EXCHANGE RISK

Since over 95% of the sales are collected in USD, the Group is exposed to foreign exchange risk due to the transactions made. In the reporting period, the Group did not hedge its sales denominated in foreign currencies.

In order to decrease the foreign exchange risk, the Parent Company's Management Board converts received USD to PLN. Moreover, the Management Board regularly

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monitors USD exchange rate and adapts its pricing policy thereto. Cash denominated in USD is, as compared to cash in PLN, an insignificant element as far as the value is concerned. Furthermore, the sales model based on automatic card payment by the customer and ongoing conversion of USD minimize the foreign exchange risk.

INTEREST RATE RISK

Exposure of the Group to the risk resulting from changing interest rate first of all relates to depositing the generated financial surplus. Due to the nature of its operations, the Group does not have any financial liabilities.

OTHER PRICE RISK

The Group does not use any financial instruments connected with the price risk. The Group is not exposed to other price risk.

CREDIT RISK

The business model adopted by the Group assumes sales completion only when a guarantee of payment is received. The share of customers to whom buyer's credit is granted is hardly 3%. The Management Board of the Parent Company regularly monitors the credit risk of its counterparties. The credit risk related to cash is marginal owing to the reputation and financial stability of financial institutions the Group cooperates with. In view of the above, any estimates concerning expected credit losses are on a very low level. Therefore, the consolidated financial statements do not present any impairment losses in this respect.

LIQUIDITY RISK

Due to the nature of the operations of the Group, this type of risk is not practically important here.

The value of cash exceeded several times the value of short-term liabilities as at the balance sheet dates of 30 June 2023 and 31 March 2023, therefore presentation of an analysis of liquidity risk is waived.

OPERATIONAL RISK

The main type of services purchased are the services of qualified IT specialists. Due to the fact that the Parent Company's operations are conducted in Wrocław, where there is a large number of qualified IT specialists, and the local polytechnic also provides education related to this profession, as well as the Company being open to cooperation with developers from other regions of Poland, the Company is able to find people with the necessary competencies. However, as a result of the growing demand for IT services both in Poland and around the world, prices for such services are rising.

The parent company's management monitors the level of prices for IT services on an ongoing basis and adjusts developers' salaries to the market situation.

Wrocław, 25 August 2023



Mariusz Ciepły
President of the
Management Board



Urszula Jarzębowska
Member of the
Management Board



Joanna Alwin
Chief Financial Officer