CONSOLIDATED FINANCIAL STATEMENT

FOR THE BUSINESS YEAR ENDING ON MARCH 31ST, 2019

DRAWN UP IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Capital Group LIVECHAT SOFTWARE SA

Wrocław, June 25 th, 2019

CONTENTS

1. SELECTED FINANCIAL DATA

Title	thousand PLN		thousand EUR	
	01.04.2018 - 31.03.2019	**01.04.2017 - 31.03.2018**	**01.04.2018 - 31.03.2019**	**01.04.2017 - 31.03.2018**
I. Net revenues from sales of products, goods and materials	109 299	89 426	25 456	21 206
II. Profit (loss) on operational activity	70 776	61 362	16 484	14 551
III. Gross profit (Loss)	70 985	59 980	16 532	14 223
IV. Net profit (Loss)	57 246	48 305	13 333	11 455
V. Net cash flow from operating activities	61 189	48 575	14 251	11 519
VI. Net cash flow from investing activities	(10 546)	(5 554)	(2 456)	(1 317)
VII. Net cash flow from financial activities	(48 153)	(47 638)	(11 215)	(11 297)
VIII. Net cash flow total	2 491	(4 616)	580	(1 095)
IX. Total assets	61 520	48 644	14 303	11 558
X. Liabilities and provision for liabilities	7 175	3 410	1 668	810
XI. Long-term liabilities	10 243	-	2 382	-
XII. Short-term liabilities	7 165	3 410	1 666	810
XIII. Equity	54 345	45 234	12 635	10 748
XIV. Share capital	515	515	120	122
XV. Number of shares	25 750 000	25 750 000	25 750 000	25 750 000
XVI. Profit (loss) per single ordinary share(in PLN/ EUR)	2,22	1,88	0,52	0,44
XVIII. Net book value per single share (in PLN/ EUR))	2,11	1,76	0,49	0,42

Please state the exchange rate of PLN/EUR for calculating balance sheet figures	0,2325	0,2376
Please state the exchange rate of PLN/EUR for calculating the statement figures of the total revenues and cash flow statement	0,2329	0,2371

2. CONSOLIDATED STATEMENT OF FINANCIAL STANDING

Specification	Note	Balance as at 2019-03-31	Balance as at 2018-03-31
FIXED ASSETS		**18 568 656**	**11 438 626**
Tangible fixed assets	2	1 529 599	1 230 790
Investment real property		-	-
Goodwill		-	-
Other intangible assets	1	13 809 233	8 462 892
Shares and stocks		-	-
- including: investments accounted for using equity method		-	-
Long-term receivables	5	147 600	187 690
Other long-term financial assets		-	-
Deferred tax assets	15	472 951	313 937
Long-term prepayments and accruals	3	2 609 274	1 243 318
CURRENT ASSETS		**42 951 669**	**37 204 881**
Inventory		-	-
Trade receivables	4	1 179 923	577 720
Receivables for current income tax		-	-
Other receivables	4	9 092 688	6 334 169
Other financial assets		-	-
Cash and its equivalents	5	32 624 369	30 133 807
Prepayments and accruals	6	54 688	159 186
ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**
Tangible fixed assets intended for sale		-	-
Other assets classified as intended for sale		-	-
Total assets :		**61 520 325**	**48 643 508**

Wrocław, June 25th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

Specification		Balance as at 2019-03-31	Balance as at 2018-03-31
EQUITY		**54 345 268**	**45 233 913**
Share capital	7.1	515 000	515 000
Own shares		-	-
Called up share capital		-	-
Supplementary capital from issuance of shares		-	-
Supplementary capital from retained earnings and transactions of mergers under common control	7.2	9 806 990	7 311 156
Exchange rate differences after calculation		(55 360)	(74 882)
Revaluation reserve for employee benefits		-	-
Reserve capital		-	-
Hedging reserve		-	-
Figures recognised directly in capital related to financial assets classified as available for sale		-	-
Dividend paid		(13 905 000)	(11 330 000)
Undistributed result from previous years	7.3	737 638	507 513
Net profit (loss) of the business year	9	57 245 999	48 305 126
Equity attributable to shareholders of the parent company		**54 345 268**	**45 233 913**
Equity attributable to non-controlling shares		**-**	**-**
LONG-TERM LIABILITIES		**10 243**	**-**
Reserve due to deferred income tax	15	10 243	-
Provision for pension benefits and similar		-	-
Other provisions/ reserves		-	-
Credits and loans		-	-
Other financial liabilities		-	-
Other long-term liabilities		-	-
SHORT-TERM LIABILITIES		**7 164 814**	**3 409 595**
Credits and loans		-	-
Other financial liabilities		-	-
Trade liabilities	9	4 323 670	2 807 249
Tax payables	9	2 642 621	602 346
Provision for pension benefits and similar		-	-
Other short-term provisions/reserves		-	-
Other liabilities	9	198 523	-
Accrued income		-	-
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**
Total liabilities :		**61 520 325**	**48 643 508**

Wrocław, June 25th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

3. CONSOLIDATED STATEMENT OF THE TOTAL INCOME (by-function format)

CONSOLIDATED STATEMENT OF FINANCIAL RESULT AND TOTAL INCOME			
Specification	**Note**	**Profit and loss statement for period 01.04.2018-31.03.2019**	**Profit and loss statement for period 01.04.2017-31.03.2018**
Continued activity		12 months	12 months
Revenues from sales	11	109 298 865	89 425 925
Prime costs of sale	12	17 938 965	14 350 061
GROSS POFIT (LOSS) ON SALES		**91 359 901**	**75 075 864**
Sales expenses	12	10 465 160	7 193 397
General and administrative costs	12	10 113 292	6 533 116
POFIT (LOSS) ON SALES		**70 781 449**	**61 349 351**
Other operating revenues	13	14 366	19 428
Other operating expenses	13	20 238	7 061
PROFIT (LOSS) ON OPERATING ACTIVITY		**70 775 577**	**61 361 718**
Financial revenues	14	209 835	131 767
Financial expenses	14	91	1 513 849
Profit on sales of shares to an associated company		-	-
Profit sharing in associated companies		-	-
PROFIT (LOSS) BEFORE TAX		**70 985 321**	**59 979 636**
Income tax	15	13 739 322	11 674 511
PROFIT (LOSS) ON CONTINUED ACTIVITY		**57 245 999**	**48 305 126**
Profit (loss) on discontinued activity		-	-
NET PROFIT (LOSS)		**57 245 999**	**48 305 126**
Other total revenues		-	-
Other comprehensive income items that will not be reclassicified into profit or loss		**-**	**-**
Acruarial profit and loss		-	-
Effects of revaluation of fixed assets		-	-
Income tax related to other total revenues		-	-
Other comprehensive income items that, after meeting certain requirements, will be reclassicified into profit or loss		**19 523**	**(82 217)**
Hedge accounting		-	-
Translation differences on foreign operations		19 523	(82 217)
Effects of revaluation of financial assets available for sale		-	-
Other profit sharing in associated companies		-	-
Income tax related to other total revenues		-	-
Other total income		**19 523**	**(82 217)**
Total income		**57 265 521**	**48 222 908**

Wrocław, June 25th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin. Financial Director

4. NET EARNINGS PER SINGLE ORDINARY SHARE (PLN)

Earnings per single share (in PLN/gr per single share)	**For period: 01.04.2018 31.03.2019**	**For period: 01.04.2017 - 31.03.2018**
On continuing and discontinued activity		
Ordinary	2,22	1,88
Diluted	2,22	1,88

On continuing activity		
Ordinary	2,22	1,88
Diluted	2,22	1,88

Profit (loss) on continuing and discontinued activity	57 245 999	48 305 126
Profit (loss) on continuing activity	57 245 999	48 305 126
Weighted average number of shares	25 750 000	25 750 000
Weighted average diluted number of ordinary shares	25 750 000	25 750 000

Basic earnings on the continuing activity per share are measured as the quotient of profit on continuing activity attributable to ordinary shareholders of a parent company and weighted average number of issued ordinary shares in the business year.

Diluted earnings on continuing activity per single share are computed as the quotient of profit on continuing activity attributable to ordinary shareholders of a 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 business year (adjusted with the effect of diluting options and diluting redeemed preference shares converted into ordinary shares).

5. CONSOLIDATED REPORT ON CHANGES IN EQUITY

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD : 01.04.2017 – 31.03.2018	**Equity attributable to the owners of the parent company**							
	Share capital	**Own shares**	**Supplementary capital**	**Currency translation profit/loss of a subsidiary**	**Dividend advancement paid**	**Undistributed profit /loss from previous years**	**Profit (loss) of the business year**	**Total equity**
Balance on 01.04.2018	**515 000**	**-**	**893 933**	**7 335**	**-**	**315 287**	**42 916 950**	**44 648 505**
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-
Settlement of the result of a subsidiary	-	-	-	-	-	-	-	-
Balance after adjustments	**515 000**	**-**	**893 933**	**7 335)**	**-**	**315 287**	**42 916 950**	**44 648 505**
Issuance of shares	-	-	-	-	-	-	-	-
Transfer of the net result	-	-	-	-	-	42 916 950	(42 916 950)	-
Transfer of the financial result to capital	-	-	6 417 224	-	-	(6 417 224)	-	6 417 224
Dividend paid	-	-	-	-	(11 330 000)	(36 307 500)	-	(36 307500)
Buyback	-	-	-	-	-	-	-	
Total transactions with owners	**-**	**-**	**6 417 224**	**-**	**(11 330 000)**	**192 226**	**(42 916 950)**	**(29 890276)**
Net profit/loss in the period:	-	-	-	-	-	-	48 305 126	48 305 126
Other total income:	-	-	-	-	-	-	-	-
Reevaluation of fixed assets	-	-	-	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	(82 217)	-	-	-	-
Exchange rate differences from revaluation of entities operating abroad	-	-	-		-	-		-
Exchange rate differences transferred to the financial result - sale of foreign entities	-	-	-	-	-	-	-	-
Actuarial profit and loss	-	-	-	-	-	-	-	-
Share in the other total income of entities evaluated with equity method	-	-	-	-	-	-	-	-
Income tax that refers to items of other total income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(82 217)**	**-**	**-**	**48 305 126**	**48 305 126**
Transfer to retained earnings (sale of reevaluated fixed assets)	-	-	-	-	-	-	-	-
Balance as of 31.03.2019	**515 000**	**-**	**7 311 157**	**(74 882)**	**(11 330 000)**	**507 513**	**48 305 126**	**45 233 913**

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD : 01.04.2018 – 31.03.2019	Equity attributable to the owners of the parent company							
	Share capital	**Own shares**	**Supplementary capital**	**Currency translation profit/loss of a subsidiary**	**Dividend advancement paid**	**Undistributed profit /loss from previous years**	**Profit (loss) of the business year**	**Total equity**
Balance on 01.04.2018	**515 000**	**-**	**7 311 156**	**(74 882)**	**-**	**507 513**	**48 305 126**	**56 563 914**
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-
Settlement of the result of a subsidiary	-	-	-	-	-	-	-	-
Balance after adjustments	**515 000**	**-**	**7 311 156**	**(74 882)**	**-**	**507 513**	**48 305 126**	**56 563 914**
Issuance of shares	-	-	-	-	-	-	-	-
Transfer of the net result	-	-	-	-	-	48 305 126	(48 305 126)	-
Transfer of the financial result to capital	-	-	2 495 833	-	-	(2 495 833)	-	2 495 833
Dividend paid	-	-	-	-	(13 905 000)	(45 577 500)	-	(45 577500)
Buyback	-	-	-	-	-	-	-	
Total transactions with owners	**-**	**-**	**2 495 833**	**-**	**(13 905 000)**	**231 793**	**(48 305 126)**	**(43 081667)**
Net profit/loss in the period:	-	-	-	-	-	-	57 245 999	57 245 999
Other total income:	-	-	-	-	-	-	-	-
Reevaluation of fixed assets	-	-	-	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	24 301	-	-	-	-
Exchange rate differences from revaluation of entities operating abroad	-	-	-		-	(1 667)		-
Exchange rate differences transferred to the financial result - sale of foreign entities	-	-	-	-	-	-	-	-
Actuarial profit and loss	-	-	-	-	-	-	-	-
Share in the other total income of entities evaluated with equity method	-	-	-	-	-	-	-	-
Income tax that refers to items of other total income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**24 301**	**-**	**(1 667)**	**57 245 999**	**57 245 999**
Transfer to retained earnings (sale of reevaluated fixed assets)	-	-	-	-	-	-	-	-
Balance as of 31.03.2019	**515 000**	**-**	**9 806 989**	**(50 581)**	**(13 905 000)**	**737 639**	**57 245 999**	**54 350 046**

Wrocław, June 25th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin. Financial Director

6. CONSOLIDATED STATEMENT OF CASH FLOWS

Specification		For period: 01.04.2018 - 31.03.2019	For period: 01.04.2017 - 31.03.2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross profit (loss)		70 985 321	59 979 636
Total adjustments		(9 795 956)	(11 404 271)
Depreciation and amortisation		3 750 459	2 469 250
Foreign exchange gain (loss)		(53 913)	-
Interest and profit sharing (dividend)		(155 921)	(131 480)
Profit (loss) on operating activity		-	-
Profit on sale of shares in the associate		-	-
Ineffective part of cash flows hedges		-	-
Changes in working capital		(1 636 480)	(1 778 543)
Change in provisions		-	-
Change in inventories		-	-
Change in receivables		(3 455 922)	(2 402 110)
Change in short-term liabilities – excluding financial liabilities		1 714 944	571 472
Change in prepayments and accruals		104 498	52 096
Paid income tax		(11 700100)	(11 963 498)
Other adjustments		-	-
Net cash flows from operating activity		**61 189 365**	**48 575 366**
CSH FLOWS FROM INVESTING ACTIVITIES			
Expenses on acquisition of intangible assets		(10 708238)	(5 685 103)
Proceeds (inflows) from sale of intangible assets		-	-
Expenses on acquisition of tangible fixed assets		-	-
Proceeds (inflows) from sale of tangible fixed assets		6 014	-
Expenses on acquisition of investment property		-	-
Proceeds (inflows) from sale of investment property		-	-
Expenses on acquisition of financial assets available for sale		-	-
Proceeds (inflows) from sale of financial assets available for sale		-	
Expenses on acquisition of financial assets intended for trading		-	-
Proceeds (inflows) from sale of financial assets intended for trading		-	-
Expenses on acquisition of subsidiaries (decreased by assets taken over)		-	-
Proceeds (inflows) from sale of subsidiaries		-	-
Loans granted		-	-
Repayment of granted loans and other financial assets		-	-
Interest received		155 921	131 480
Dividends received		-	-
Net cash flows on investment activities		**(10 546303)**	**(5 553 623)**
CASH FLOWS FROM FINANCIAL ACTIVITY			
Net proceeds from issuance of shares		-	-
Buy back		-	-
Proceeds from issuance of debt securities		-	-

Redemption of debt securities		-	-
Proceeds from incurred credits and loans		-	-
Repayment of credits and loans		-	-
Payment of liabilities arising from financial leasing		-	-
Dividend paid		(48 152500)	(47 637 500)
Interest paid		-	-
Net cash flows from financial activity		**(48 152500)**	**(47 637 500)**
NET TOTAL CASH FLOWS		**2 490 562**	**(4 615 757)**
BALANCE CHANGE OF CASH, INCLUDING		2 490 563	(4 615 757)
- change in cash due to exchange rate gains or losses		53 913	250 023
OPENING BALANCE OF CASH		30 133 807	34 749 564
CLOSING BALANCE OF CASH, including		**32 624 369**	**30 133 807**
--with limited disposability		-	-

Wrocław, June 25th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

7. FURTHER INFORMATION AND EXPLANATORY NOTES

General

a) Information on the parent company

Consolidated financial statement of the Capital group of LIVECHAT SOFTWARE SA (“Capital group”, “Group”) contains:

1. Consolidated financial statement made on March 31st, 2019, which presents the total balance of assets, equity and liabilities in the amount of 61 525 103 PLN.

2. Consolidated statement on the financial result and comprehensive/total income for the period from April 1st, 2018 until March 31st, 2019 which presents the net profit of 57 245 599 PLN and the total income of 57 270 299 PLN,

3. Consolidated statement of changes in equity for the business period of from April 1st, 2018 until March 31st, 2019 presenting equity capital increase by amount of 9 111 354 PLN,

4. Consolidated statement of cash flows for the period from April 1st, 2018 until March 31st, 2019 presenting an increase of net cash flows by 2 495 340 PLN.

5. Further information

b) Capital group

The parent company of LIVECHAT SOFTWARE Joint Stock (hereinafter referred to as the “Capital group”, “Group”) is LIVECHAT SA (hereinafter referred to as “Parent Company”).

The Parent Company was established by virtue of a Notarial deed of September 10th, 2007. Its particulars are entered into the register of entrepreneurs of the National Court Register kept by the Regional Court of Wrocław- Wrocław Fabryczna – VI Economic Division under the number KRS 0000290756. The Parent Company was granted the statistical number REGON 932803200.

The Company's head office is located at 47 Zwycięska Street in Wrocław 53-033 which is also the basic location of the activities run by the Capital Group.

c) Composition of the Management Board and the Supervisory Board

The Management Board of the Parent Company as of the balance day and the day of approving the financial statement for publishing 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 of March 31st, 2019 as well as of the day of approving the statement for publishing was composed of:

- Maciej Jarzębowski – President of the Supervisory Board
- Marta Ciepła – member of the Supervisory Board
- Marcin Mańdziak – member of the Supervisory Board
- Jakub Sitarz – member of the Supervisory Board
- Michał Markowski - member of the Supervisory Board

d) Principal activity of the Group
The principal activity run by the Parent Company and its subsidiaries is according to the Polish Classification of Businesses – 62.01.Z – Activity related to software

e) Information on the Capital group
The Consolidated financial statement of the Capital group of LIVECHAT SOFTWARE SA comprised the subsidiary LiveChat Inc based in One International Place, Suite 1400, Boston, MA 02110-2619, USA, in which the Parent company holds 100% of shares.

f) Approval for publication

The present consolidated financial statement was made for the period from April 1st, 2018 until March 31st, 2019 (including comparative data) and was approved for publishing by the Company's Management Board on June 25th, 2019.

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

The Company translated as of March 31st, 2019 its balance sheet items presented in USD using the exchange rate of 1USD = 3,8365 PLN whereas the items of the financial statement, the total income and of the cash flows statement were translated using the exchange rate of 1 USD= 3,7214.

8. Basis for preparation of financial statements and accounting principles applied

a) Declaration on compliance and the basis for preparation
The present consolidated financial statement was prepared in accordance with accounting principles contained in the International Financial Reporting Standards (IFRS) which were adopted by the European Union, published and binding before March 31st, 2018.

For the present interim condensed consolidated financial statement the Group applied for the first time the following standards and amendments to the existing standards published by Council for the Financial Reporting Standards (CIFRS) and approved by EU, which were enforced in 2018:

*IFRS 9 “Financial Instruments”,
*IFSR 15 “ Revenues from agreements with clients” ,

The application of the above mentioned standards did not affect the interim condensed consolidated financial statement.
As of the day of the present interim consolidated financial statement the Group did not decide on a earlier application of the standards, amendments to standards and interpretations, which were published and approved for application within EU, but which have not become in force yet. The Company shall apply the mentioned below standards from the business year commencing on April 1st,2019:

*IFRS 16 “Leasing”

*amendments to IFRS 9 “Financial Instruments”.

As the Group has assessed, the above mentioned standards, interpretations and amendments to standards would not have had a significant effect on the interim condensed consolidated financial statement if they had been applied by the Group on the balance sheet day.

The Group identified a single agreement, which according to IFRS 16, meets the criteria a leasing - a contract for a lease of the office and the registered office of the parent company. Due to the term of the contract, on the balance day it is an irrevocable lease period contract not longer than 12 months. Owing to this, the Group decided to simplify the procedure as provided for by the IFRS 16 and not to recognize leasing assets or liabilities resulting from this contract.

IFRS cover standards and interpretations accepted by the Council for the Financial Reporting Standards (CIFRS) and the Committee for Interpretation of the International Financial Reporting (CIIFR).

The present consolidated financial statement is presented in PLN.

The statement was prepared assuming that the companies in the group will continue to operate in the foreseeable future. As at the date of approving the consolidated financial statement there is no evidence indicating that the companies of the group may not be able to continue its operations.

b) Effect of amendments in the standards or interpretations

The principles (policy) of accounting used for drawing up the present consolidated financial statement for the business year ending on March 31st, 2019 are coherent with the principles used for elaborating the annual consolidated financial statement for 2017/2018.

d) principles of accounting

The statement was prepared according to the principle of historical cost.

<u>Presentation of financial statements</u>
The financial statement is presented in accordance with IAS 1.
Profit and loss statement is presented in by-function format, whereas statement of cash flows is presented using an indirect method.
In case of retrospective entering of amendments to accounting principles or error adjustments, the Company presents the balance sheet additionally prepared for the beginning of the reference period.

<u>Consolidation</u>
The consolidated financial statement comprises a consolidated financial statement of the parent company as well as a consolidated financial statement of the company controlled by the Group, that is its subsidiary, made as at March 31st, 2019. Control means the ability to influence financial and operating policy of a subsidiary in order to obtain economic benefits from the subsidiary's activities.

Financial statements of the parent company and the subsidiary comprised by the consolidated financial statement are prepared as at the same balance sheet day, namely March 31st,2019. Where it is necessary, adjustments are made into the financial statement of the subsidiary in order to standardise the accounting principles used by the company to adapt to the principles used by the Capital Group.

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

The full method of consolidation means combining financial statement of a parent company and its subsidiary by summing up the full amounts, particular items of assets, liabilities, equity, revenues and expenses. In order to present the Capital Group as a single economic entity, the following exclusions are made:
* at the moment of acquiring control the company's goodwill or profit are recognised
* non-controlling interests and shares are presented separately,
* intra Capital Group balances (revenues, expenses, dividends) are eliminated in full,

* profits or losses from intra Capital Group transactions that are recognised in the balance value of assets such as inventories and fixed assets, are eliminated. Losses from intra Group transactions are analysed in terms of asset impairment loss from the Group perspective,
* the deferred tax due to temporary differences resulting from eliminating profits and losses on intra Capital group transactions is recognised .

<u>Transactions in foreign currencies</u>
The consolidated financial statement is presented in PLN which is also the functional currency of the parent Company.

Transactions in other than PLN currencies are translated into Polish zloty using the exchange rate on the date of the transaction (spot exchange rate).

On the balance sheet day the 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 items in the consolidated financial statement measured at their fair value presented in a foreign currency are evaluated at the exchange rate on the date the fair value is determined, that is the average rate fixed for a particular foreign currency published by the National Bank of Poland.

<u>Intangible assets</u>
Intangible assets cover patents and licences, software, R&D expenses and the other intangible assets that meet the criteria of IAS 38.

The intangible assets are presented on the balance sheet day at their acquisition cost or manufacture cost lowered by a depreciable amount and an impairment write-off/ allowance.
Intangible assets with finite useful life are amortised using straight-line method over the period of their economic useful life. Periods of use of particular intangible assets are verified annually and, when necessary, adjusted from the beginning of the next business year.

Expected useful life period for particular intangible asset groups is:

Group	Rate
R&D	20 – 30%

Maintenance cost of software incurred in the following periods is recognised as the cost of the period at the time it was incurred.

R&D expenses are recognised in the profit and loss statement at the moment they are incurred.

R&D expenses are activated 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 its use or sale,
*the group is able to use or sell the intangible asset,

* the intangible assets 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 R&D works for a single intangible asset,
* investments made during R&D works can be fairly evaluated and assign to a particular intangible asset.

Investments made on R&D conducted as part of a single project are carried forward onto the next period, if it is possible, it would be advisable to state that they can be recovered in future. Evaluation of future benefits is made in accordance with the principles referred to in IAS 36.

After the investments are initially recognised in R&D the historical cost model is applied according to which assets are recognised at their acquisition cost or manufacture cost lowered by accumulated amortisation and accumulated impairment write-offs/allowances. Completed R& D are amortised using a straight-line method over the foreseen period of their economic useful life, which, on the average, is 3 years.

Profit and loss on disposal of intangible assets is defined as a difference between revenues from sale and the net value of those fixed assets and are recognised in the profit and loss account of the other revenue or operating expense.

Tangible assets

Tangible assets are initially recognised at the acquisition costs or manufacture costs. The acquisition cost is increased by all the costs directly attributable to bringing the asset to use.
After initial recognition of tangible assets, excluding land, they are then presented at their acquisition cost or manufacture cost lowered by depreciation and impairment loss. Tangible assets during the manufacture process are not amortised until the construction or installation is completed and the tangible asset is commissioned.
Fixed assets are amortised with straightline method over the estimated period of a given asset useful life, which for particular fixed asset groups is:

Group	Rate
Computers	30%
Investment in the third party fixed asset	50%

Depreciation starts in a month following the month in which the fixed asset becomes ready for use. Economic useful life and depreciation methods are verified once a year and may result in depreciation made in the years to come.

Fixed assets are divided into elements being items of a significant value, to which a separate useful life period can be assigned. A fixed 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 expenses incurred after a fixed asset commissioning, such as maintenance and repair costs are recognised in the profit and loss amount on the day they are incurred.

A fixed asset item can be cancelled from the balance sheet after it is sold or if it is not expected that further use of such an item can bring economic benefits. Profit or loss on sale, liquidation or stopping to use fixed assets are determined as a difference between revenues from sale and the net value of these fixed assets and are recognised in the profit and loss account as other revenues or operating expenses.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
A financial asset or a financial liability is presented in the balance sheet when the Group becomes a party to such an instrument contract. Standardised contracts of purchase and sale of financial assets and liabilities are recognised as at the day the transaction is made.

A financial asset is excluded from the balance sheet only when the rights to economic benefits and risks resulting from the concluded contract have been exercised, expired or waived by the Group.

The Group derecognizes from its statement a financial liability only when it expired, that means when the obligation specified in the contract was discharged, expired or cancelled.

On the acquisition day the Group measures a financial asset or liability at its fair value, that is at the fair value of the transaction cost (payment made or received). The Group classifies the transaction costs as the initial value of all the financial assets and liabilities, except for assets and liabilities evaluated at their fair value through profit and loss statement.

On the balance sheet day financial assets or liabilities are measured according to the principles shown below:

Financial assets
Since January 1st, 2018 as a result of implementing IFRS 9 the Group has been qualifying financial assets into the following categories:
- measured at the amortised cost,
- measured at the fair value through the 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 debt financial assets depends on a business model of financial asset management and on the characteristics of contractual cash flow (SPPI test) for a particular financial asset.

For the category of assets measured at the amortised cost the Group classifies trade receivables, granted loans that successfully passed the SPPI test, the other receivables, deposits, cash and its equivalents.
Financial assets measured at the amortised cost are measured at the amount of the amortised cost using the effective interest rate method and taking into account possible write-offs for impairment loss. Trade receivables with the maturity over 12 months from the date they become due (that is, exclusive of a financing element) not transferred for factoring are not subject to discounting and are measured at the nominal value.

For the category of assets measured at the fair value through the 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 flow due to the financial assets possessed or due to a sale of financial assets, and
- contractual conditions give a right to obtain on defined dates the cash flow that forms only the capital and interest on capital (that is successfully passed the SPPI test).
The effects of changes of the fair value are recognized into the other comprehensive income until the asset is not presented in a financial statement any more, when the accumulated profit/loss are recognized in the statement of the company performance results.

For 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 the other comprehensive income. Profit and loss on a financial asset classified as measured at the fair value through the financial result are recognized in the financial result of the period in which they were generated (including revenues from interest and dividend).

IFRS 9 offers a new approach to loss assessment with respect to financial assets measured at the amortised cost. This approach is based on determining the expected loss, irrespectively of whether there were signs for the impairment loss or not. Due to the specificity of the activities run (sales without a significant credit risk, no financial asset revaluation write-offs, cooperation with big financial institutions with a stable rating), the Group has not recognized in its financial statement revaluation write-offs on the grounds of the expected loss, as it finds them insignificant.

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

Financial liabilities

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

* trade liabilities and other liabilities

After the initial recognition the Group measures financial liabilities at amortised cost using the effective exchange rate method, excluding financial liabilities intended for sale or designated as measured at fair value through the financial result. The Group designates as financial liabilities measured at fair value through the financial result derivatives which are not designated as hedging instruments. Short-term trade liabilities are measured at the value of the amounts to be received due to insignificant discount effects.

Profits and losses on measurement of financial liabilities are recognised in the company's performance financial result.

Cash and its equivalents

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

Equity

Share capital is presented at the nominal value of issued shares in accordance with the By-laws of the parent company and an entry in the National Court Register.
Shares of the parent company acquired and held by the parent company or consolidated subsidiaries decrease the equity. Own shares are measured at acquisition 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 retained earnings at the amount required by the Code of Commercial Companies.

Provisions, contingent liabilities and assets

Provisions are created when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that settling this obligation will require an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Date of incurring as well as the amount of the obligation can be uncertain.

Provisions for future operating losses are not made.

Provisions are recognised at the value of estimated investments necessary to settle the present obligation basing on the most probable evidence available on the day of preparing the consolidated financial statement , including risk and degree of uncertainty. 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 of provisions with time is recognised as financial expenses.

If the Group expects that the expenses covered by the provision will be paid back, for example by virtue of an insurance contract, than the payment back is recognised as a separate element of assets, but only, when there is a sufficient indicator ensuring that such a payment back is likely to occur. However, the value of such an asset cannot 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 combining economic entities according to ISFR 3.
The company creates especially provisions for servers' maintenance costs due to the sale completed.

Revenues from sales

IFRS 15 " Revenues from agreements with clients" was published by the IFRS Council on May 28th,2014 and applies for a single year periods commencing on January 1st,2018 or after this date.
According to the above standard revenues are recognized at the amount to which an entity is entitled in exchange of handing over promised goods or services.

IFRS 15 standardizes presentation and discovery of information. The fundamental principle of the new standard is that the revenues are recognized at the moment the control over the goods and services is transferred onto the client at the transaction price. Any goods or services sold as part of a package, which can be separated as a package part, should be recognized separately, furthermore, any deductions off the transaction price must be, as principle, allocated to particular elements of the package. According to the standard varied amounts are classified as revenues, provided there is a strong likelihood, that in future there will be no reversal of the revenue recognition as a result of revaluation. Recognition and revaluation in the standard are also applied for recognizing and evaluating profit/loss on the sale of non-financial assets, if this sale is not comprised by a regular course of the economic activities run.

The Group presents the recognized revenues from agreements with clients divided into categories, which reflect the way economic factors affect the character, amount, payment date and uncertainty of revenues and cash flows.

The Group has applied the above standard IFRS 15 since April 1st,2018. No significant impact on the Company's activities have been found.

Sales revenues are recognised at fair value of payments received or due and represent product receivables obtained in the process of regular operations, decreased by discounts, VAT and other trade taxes (excise tax).
All the amounts are presented in PLN (unless stated otherwise).

The revenues are recognised at the amount at which it is probable that the economic benefits associated with a particular transaction will flow to the Group and when the revenue amount can be measured reliably.

Revenues from sales of services are recognised if the following conditions are met:
* the group has transferred to the buyer the significant risks and rewards of ownership of the goods. The condition is regarded as met at the moment the access to the offered software is established for the user.
* the amount of the revenue can be measured reliably,
* it is probable that economic benefits associated with the transaction will flow to the group,
* the costs incurred and that will be incurred due to the transaction can be measured reliably.

Interest and dividend
Revenues from interest are recognised successively as they grow using the effective exchange rate method. Dividends are recognised at the moment of establishing the shareholders' rights to dividends.

Operating expenses
Operating expenses are recognised in the profit and loss statement using the matching principle. In its consolidated financial statement the Group presents according to the respective cost centres. The operating expenses also comprises exchange rate profits or gains (excluding exchange rate differences related to financial activities).

Income tax (including 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 is determined basing on the taxable profit for a given business 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 expense items which will never be subject to taxation. Tax charges are computed basing on tax rates in force in a given tax year.

Deferred tax is computed using a balance method as tax to be paid or refunded in future periods on differences between balance sheet values of assets and liabilities and the corresponding tax values used for calculating the taxable base.

Provision for deferred tax is created from all positive temporary differences subject to taxation, whereas an asset due to deferred tax is recognised up to the value at which it is probable, that it will be possible to decrease future taxable profits by the 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. Provision for deferred income is not recognised on goodwill which is not subject to amortisation according to tax law.

Deferred tax is measured using tax rates which will be in force when an asset item is realized or provision settled in accordance with regulations in force on the balance sheet day.

The value of an asset due to deferred tax is analysed for each balance sheet day, and in case the prospected taxable profits will not be sufficient to realize the asset or its part, a relevant write-off is made.

Subjective judgement made by the Management Board and unreliability of assessments
When preparing the consolidated financial statement 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 expenses. 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 statement are presented below.

Periods of economic useful life of fixed assets
The Management Board of the parent company verifies annually (on the balance sheet day) periods of economic useful life of fixed assets subject to amortisation. As at March 31st, 2018 the Management Board estimates, that the economic useful life periods accepted by the Group for amortisation purposes reflect the expected period of receiving economic benefits by those assets in future. However, the real periods of receiving benefits by those assets in 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 related to maintenance of servers related to the sold accesses to the offered software.

Assets for deferred tax
Probability of settling an asset due to deferred tax with future taxable profits is based on the budget of the companies comprised by the Group approved by the Management Board of the parent company. If the projected financial results show that the Group companies will reach the taxable income, the assets for deferred tax are recognised in the full amount.

Impairment loss of non-financial assets
In order to determine the use value the Management Board assesses the projected cash flows and the rate with which the cash flows are discounted to the current value. In the process of measuring the current value of the future cash flows the projected financial results are assumed. The assumptions refer to future events and circumstances. The actually realized 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.

3. Intangible assets

3.1 – Intangible assets	**As at 31.03.2019**	**As at 31.03.2018**
Goodwill	-	-
Patents and licences	-	-
R&D expenses	13 809 233	8 462 892
Other intangible assets, including the value of intangible assets under implementation	-	-
TOTAL INTANGIBLE ASSETS:	**13 809 233**	**8 462 892**

3.2 Intangible assets in the reporting period from 01.04.2018 to 31.03.2019	**Goodwill**	**Patents and licences**	**R&D expenses**	**Other intangible assets**

Gross opening balance	**-**	**-**	**13 712 128**	**-**
Acquisition	-	-	-	-
Reclassification (from long-term prepayments and accruals)	-	-	8 386 837	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	(1 653 198)	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-
Gross closing balance	**-**	**-**	**20 445 767**	**-**
Opening redemption balance	**-**	**-**	**5 249 237**	**-**
Amortisation increase for the period	-	-	3 040 496	-
Reclassification	-	-	-	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	(1 653 198)	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-
Gross closing balance	**-**	**-**	**6 636 535**	**-**
Opening revaluation write-offs	**-**	**-**	**-**	**-**
Increase over the period	-	-	-	-
Reclassification	-	-	-	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	-	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Release of write-offs	-	-	-	-
Closing revaluation write-offs	**-**	**-**	**-**	**-**
Closing net value	**-**	**-**	**13 809 233**	**-**

The most important element of intangible assets is completed R&D related to the new versions of products offered by the Company.
Intangible assets are not in any of the presented periods subject of hedge accounting. The Group does not possess intangible assets intended for sale.

In the opinion of the Board there was no loss in the value of the investments made on R&D.

4. Tangible assets

4.1 Tangible assets	**As at**	**As at**
	31.03.2019	**31.03.2018**
Land	-	-
Right to perpetual usufruct	-	-
Buildings and structures	206 936	-
Machinery and equipment	1 269 336	833 118
Vehicles	-	-
Other fixed assets	-	-
Fixed assets in the course of construction	53 326	397 673
Advances for fixed assets	-	-

TOTAL FIXED ASSETS:	1 529 599	1 230 790

The most important element of the other tangible assets is computer equipment. The value of the machinery purchased in the current business year 2018/19 amounted to 939 thousand PLN. As at March 31st,2019 there were no significant liabilities related to the purchase of fixed assets.

Buildings and structures refer to the investments made on the new company's seat, both accepted for use as well as adaptation works in progress.

4.2 Tangible fixed assets in the reporting period from 01.04.2018 to 31.03.2019	**Land**	**Right to perpetual usufruct**	**Buildings and structures**	**Machinery and equipment**	**Vehicles**	**Other fixed assets**	**Fixed assets in the course of construction**
Opening gross balance	**-**	**-**	**-**	**1 833 292**	**-**	**-**	**397 673**
Carried from fixed assets under construction	-	-	-	-	-	-	-
Direct acquisition	-	-	16 200	939 245	-	-	53 326
Reclassification	-	-	397 673	-	-	-	(397 673)
Increase due to combination of businesses	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	(6 015)	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing balance	**-**	**-**	**413 873**	**2 766 523**	**-**	**-**	**53 326**
Opening redemption balance	**-**	**-**	**-**	**1 000 175**	**-**	**-**	**-**
Amortisation increase for the period	-	-	206 936	503 027	-	-	-
Increase due to combination of businesses	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	(6 015)	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross redemption closing balance	**-**	**-**	**206 936**	**1 497 187**	**-**	**-**	**-**
Opening revaluation write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase over the period	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Release of write-offs	-	-	-	-	-	-	-
Closing revaluation write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing net value	**-**	**-**	**206 937**	**1 269 337**	**-**	**-**	**53 326**

The other fixed assets are mainly composed of the cost of uncompleted R&D as well as the assets due to the deferred income tax.

5. Long-term receivables

Long-term receivables as of March 31st, 2019 mainly refer to the deposits made.

6. Trade receivables and other receivables

The majority of trade receivables concerns short-term receivables from payment agents and transfer of payments collected from customers. The other trade receivables mature at up to 30 days.
Trade receivables and the other receivables are measured at the amount of the amortised cost using the effective exchange rate method and taking into account the revaluation write-offs on receivables. The accounting value of the receivables is close to their fair value. Trade receivables with maturity date of below 360 days following the date they became due are not subject to discounting.

6.1 Receivables	31.03.2019			31.03.2018		
	Value	Revaluation write-off	Balance sheet value	Value	Revaluation write-off	Balance sheet value
Trade receivables	1 179 923	-	1 179 923	577 720	-	577 720
Receivables due to the current income tax		-	-	-	-	-
Other receivables	9 092 688	-	9 092 688	6 334 169	-	6 334 169
- including VAT	7 642 420	-	7 642 420	6 046 451	-	6 046 451
TOTAL RECEIVABLES:	**10 272 612**	**-**	**10 272 612**	**6 911 888**	**-**	**6 911 888**

As of March 31st, 2019 the Group had no overdue receivables.

The other receivables due to VAT are in accordance with the current VAT declaration. The Company plans to settle these receivables against income tax payments.

7. Cash and its equivalents

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

7.1 Cash	As of	As of
	31.03.2019	31.03.2018
Cash in hand		-
Cash on bank accounts	32 437 320	29 732 904
Other cash and its equivalents	191 827	400 902
TOTAL CASH:	**32 629 147**	**30 133 807**
- including cash of restricted access funds	-	-

Cash in foreign currencies is evaluated on the balance sheet day according to the average rate for a particular currency fixed by the National Bank of Poland for this day. I

7.2 Cash- currency structure	As at	As at
	31.03.2019	31.03.2018

Cash in PLN	18 467 760	25 995 571
Cash in USD	14 161 387	4 138 236
Cash in EUR	-	-
TOTAL CASH:	**32 629 147**	**30 133 807**

8. Prepayments and accruals

Long term prepayments and accruals mainly refer to uncompleted R&D and the value of the internet domains acquired.
Short-term prepayments and accruals refer to expenses settled over time.

8.1 Active short-term prepayments and accruals	**As at**	**As at**
	31.03.2019	**31.03.2018**
- annual fees (domains, licences)	38 930	129 478
-other	15 758	29 708

9. Equity

9.1 Share capital

SHARE CAPITAL (STRUCTURE) – 31.03.2019								
	Share type	**Type of share preference**	**Type of share right limits**	**Number of shares (in thousand items)**	**Series/issuance value by nominal value**	**Method of capital payment**	**Registration date**	**Dividend entitlement**
Series A	Ordinary bearer's	no	no	25 000,00	500 000	Contribution in cash	18.12.2013	According to KSH
Series B	Ordinary bearer's	no	no	,00750	15 000	Contribution in cash	18.12.2013	According to KSH
Total shares				**25 750,00**				
Total share capital					**515 000**			
Nominal value of a single share= 0,02 PLN								

Capital ownership structure as of March 31st, 2019

Shareholders	**Capital share as of 31.03.2018**	**Capital share as of 31.03.2019**	**Capital share on the day of drawing up the financial statement**
Nationale-Nederlanden PTE	5,53%	6,18%	6,18%
Aviva OFE Aviva Santander	n.a.	5,94%	5,94%
Shareholders' Agreement including above 5 % of the Company's equity	47,10%	47,10%	47,10%
Mariusz Ciepły	15,57%	15,57%	15,57%
Maciej Jarzębowski	11,69%	11,69%	11,69%

Jakub Sitarz	11,69%	11,69%	11,69%
Others	47,37%	40,78%	40,78%
TOTAL	100%	100%	100%

People who are entitled to dividend are people who on dividend day will have shares of LIVECHAT Software Spółka Akcyjna on a securities account. The Company's Shareholders are entitled to dividend from the net profit presented in the statement 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.

According to art. 347 § 4 in the commercial companies code and as proposed by the Management Board the amount of 6 771 413,68 PLN shall be allocated to the company's supplementary capital.

9.2 Supplementary capital

Supplementary capital was formed when the parent company retained a part of its profits from previous years. The Company made a distribution of the previous year's result according to art. 347 § 4 in the commercial companies code.

9.3 Undistributed result from previous years

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

9.3 Dividends

By virtue of the resolution adopted by the General Meeting of Shareholders of August 7th, 2018 the net profit of the parent company for 2017/2018 shall be allocated to:
- payment of dividend – 45.577.500,00,00 PLN
- increasing supplementary capital – 2.495.833,49 PLN

By virtue of the resolution of the Management Board no .... of .... the Company made the 2018/2019 dividend prepayment of 13 905 000 PLN.

10. Trade and other liabilities

10.1 Trade and other short-term liabilities	As at 31.03.2019	As at 31.03.2018
Trade liabilities	4 323 670	2 807 249
Taxes	2 642 621	602 346
Payroll	-	-
Other taxation, custom duties and social insurance	-	-
Accruals and other liabilities	198 523	-
TOTAL SHORT-TERM LIABILITIES:	**7 164 814**	**3 409 595**

Trade liabilities also comprise provision for assessment of the cost of maintenance of the necessary servers that amounts to 2 095 841,31 PLN (in the previous year the figure was 1 652 300 PLN).

10.2 Liabilities as at 31.03.2019 – age structure	Current	Up to 1 month	From 1 to 3 months	From 3 to 6 months	Over a year	Total
Trade liabilities	4 323 670	4 323 670				4 323 670
Due to current income tax	2 642 621	2 642 621				2 642 621
Payroll	-					-
Other taxation, custom duties and social insurance	-	-				-
Accruals and other liabilities	198 523	198 523				198 523
Total	**7 164 814**	**7 164 814**	**-**	**-**	**-**	**7 164 814**

100% of liabilities is denominated in PLN.

10.3 Liabilities – currency structure	31.03.2019		31.03.2018	
	in foreign currencies	in PLN after translation	in foreign currencies	in PLN after translation
PLN	6 354 081	6 354 081	3 409 595	3 409 595
EUR	0	0	0	0
USD	211 321	810 733	0	0
	0	0	0	0

11. Revenues from sales

11. Sales revenues (continued activity)	For period ended	Fore period ended
	31.03.2019	31.03.2018
Revenues from sales of products	109 298 865	89 425 925
Revenues from sales of services	-	-
Revenues from sales of goods	-	-
Revenues from sales of materials	-	-
TOTAL SALES REVENUES	**109 298 865**	**89 425 925**

Due to a uniform character of its operations the Company does not identify operating segments.

Over 95% of the consolidated revenues from sales is generated by the Company through LiveChat Inc. in USA. They comprise 1,3,6 and 12 months' licences for LiveChat products in B2B segment. The sales are based on fixed prices.

The Company does not have significant long-term sales contracts. A single sale is entered into 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 assessments of revenues valuation.
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.

12. Operating expenses

12.1 Cost by nature	For period ended 12 months	For period ended 12 months
	31.03.2019	31.03.2018
Amortisation	3 750 459	2 469 250
Energy and materials used	918 279	506 809
External services	29 301 338	20 891 501
Taxes and charges	19 562	7 292
Cost of employee benefits	2 037 111	982 529
Other cost by nature	3 171 047	2 777 291
Value of materials and goods sold	-	-
Exchange differences related to the operating activity	(680 379)	441 902
TOTAL COST BY NATURE	**38 517 416**	**28 076 574**
Adjustments:		
Change of inventory	-	-
Own cost of sales	17 938 965	14 350 061
Cost of sales	10 465 160	7 193 397
Administrative expenses	10 113 292	6 533 116
TOTAL OPERATING EXPENSES	**38 517 416**	**28 076 574**

13. Other operating income

The other operating income refers mainly to the income from leasing/letting.

14. Financial income and costs

14.1 Financial income	For period ended	For period ended
	31.03.2019	31.03.2018
Interest	155 921	131 767
Surplus of exchange gains over exchange losses	53 913	-
Profit from sale of shares, stocks and other securities	-	-
Dividend received	-	-
Release of financial assets write-offs	-	-
Other	-	-
TOTAL FINANCIAL INCOME	**209 835**	**131 767**

Financial costs comprise only the interest paid.

15. Income and deferred tax

	01.04.2018 - 31.03.2019	01.04.2017 - 31.03.2018
Gross figure	70 985 321,06	44 099 863
Temporary and fixed differences	1 467 000,25	1 315 852

Taxable base	72 452 321,31	45 415 715
Income tax	13 739 322,19	8 596 437

The difference between the value of the income tax presented above and the amount of the tax indicated in the consolidated statement note on comprehensive income is a change in the deferred tax status.
The deferred tax was calculated only basing on temporary differences between the tax and balance valuation of the fixed assets provisions and the exchange rate differences on the balance valuation of cash.

16. Financial instruments

16.1 Financial instruments by category	As at 31.03.2019		As at 31.03.2018	
	Book value	Fair value	Book value	Fair value
Financial assets	**42 896 981**	**42 896 981**	**37 045 695**	**37 045 695**
Assets measured at fair value through financial result	-	-	-	-
Financial assets measured at the amortised cost	42 896 981	42 896 981	37 045 695	37 045 695
Assets measured at fair value through financial result	-	-	-	-
Financial liabilities	**7 164 814**	**7 164 814**	**3 409 595**	**3 409 595**
Liabilities measured at amortised cost	7 164 814	7 164 814	3 409 595	3 409 595

17. Benefits to the key managing staff (including remuneration to the members of the Management Board and the Supervisory Board)

Remuneration to the Management Board

The remuneration of the Board of Directors/Management Board of LiveChat Software SA collected from April 1st,2018 until March 31st,2019 also comprises bonus granted by the Supervisory Board of October 26th,2018 for the operation of the Management Board and the Company performance results in 2017/2018 and the bonus for the Company's performance 2018/2019.

Surname and name	01.04.2018 – 31.03.2019	01.04.2017 – 31.03.2018
Mariusz Ciepły	996 565,85	216 000,00
Urszula Jarzębowska	619 710,57	144 000,00
Razem	**1 616 276,42**	**360 000,00**

Members of the Management Board did not receive any other remuneration.

Remuneration to the Supervisory Board

Members of the Supervisory Board did not receive any remuneration.

Other benefits and unsettled loans and advance payments of the key managing staff

not present

All transactions with the key managing staff of the Company are made according to market conditions.

18. Contingent items, other off-balance sheet items and tax settlements

There were no such items.

19. Employment

The Group does not employ employees, it only liaises with economic entities on civil-law contract basis.

Average employment by job positions	**For the period ended**	**For the period ended**
	31.03.2019	**31.03.2018**
Physical workers	-	-
Office workers	131	84
Total number of job positions	**131**	**84**

20. Description of factors and events, especially of non-typical character, having an impact on the financial results generated

In the opinion of the Company's Management Board in the period from April 1st, 2018 until March 31st, 2019 there were no major events of non-typical character having an impact on the financial results generated by the Group.

21. Events after the balance sheet date

did not occur

22. Transactions with related parties

Consolidated entities	**Receivables**	**Liabilities**	**Sales**	**Purchase**
LiveChat, Inc	507 776,69	-	130 794 776,17	17 411 804,78

The above transactions have been excluded from the consolidated financial statement.
The company did not make any transactions with related parties upon other than market conditions.

23. Cyclicality and seasonality of the activities run

No cyclicality or seasonality of the sales can be observed in the capital group.

24. Remuneration of an auditor

The company concluded an agreement with the auditing company HLB M2 AUDIT PIE sp. z o.o. on 29.05.2019. The agreement comprises auditing the annual separate (condensed) and consolidated financial statement for 2018/2019.

The other agreement concluded on 31.10.2018 with the auditing company HLB M2 AUDIT PIE sp. z o.o. comprised auditing an interim separate (condensed) and consolidated financial statement for the period 1.04.2018 until 30.09.2018.

In the reporting period the Company paid to the auditor the following remuneration:
- auditing the half-year separate financial statement for 2017/2018 - 12.000 PLN,
- auditing the annual financial statement (separate and consolidated) for 2017/2018 – 26.000 PLN
- auditing the half-year separate financial statement and reviewing the interim (half year) consolidated statement – 27.000 PLN

Remuneration due to the auditor:
- auditing the annual financial statement (separate and consolidated) for 2018/2019 - 33.000 PLN.

25. Objective and principles of risk management

The main financial instruments used by the 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 securing exchange rate risk. The group also has other financial instruments, such as trade receivables and liabilities, which become due in the course of the operations carried out.

The principle applied by the Group presently and throughout the reporting period is not trading with financial instruments.

25.1 Foreign exchange risk
Since over 95% of the sales is performed in USD the Group is exposed to foreign exchange risk due to the transactions made.
In the business year 1.04.2018 until 31.03.2019 the Group did not secure (hedge) its sales denominated in foreign currencies (similarly as in the previous years).
In order to decrease foreign exchange risk the parent company's Management Board exchanges the received USD into Polish zloty.
The Management Board regularly monitors USD exchange rate and adapts its price policy thereto.

25. 2 Interest rate risk
Exposure of the Group to the risk resulting from changing interest rate first of all refers to depositing the generated financial surplus. Due to the character of operations carried out, the Company does not have financial liabilities.

25.3 Price risk
The basic type of the services purchased are services rendered by qualified IT engineers. Due to the fact that the company's operations are run in Wrocław, where there are many qualified IT engineers operating, and the local technical university educates many IT students, the risk of price increase is not crucial here.

The Company's Management Board regularly monitors the level if IT service prices.

25.4 Credit risk
The business model adopted by the group assumes sales completion only when receiving payment is guaranteed.

The share of customers to whom merchandise credit is granted is hardly 3%.
The Management Board of the parent company regularly monitors credit risk of its contracting parties.

25.5 Risk related to liquidity

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

Wrocław, June 25th, 2019

Mariusz Ciepły, President of the Management Board
Urszula Jarzębowska, member of the Management Board
Joanna Alwin, Financial Director