INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

FOR THE PERIOD OF SIX MONTHS ENDING ON SEPTEMBER 30TH, 2018

DRAWN UP IN ACCORDANCE WITH INTERNATIONAL STANDARDS OF FINANCIAL REPORTING

Capital Group LIVECHAT SOFTWARE SA

Wrocław, November 26th, 2018

CONTENTS

1. SELECTED FINANCIAL DATA

Title	PLN		EUR	
	01.04.2018 - 30.09.2018	01.04.2017 - 30.09.2017	01.04.2018 - 30.09.2018	01.04.2017 - 30.09.2017
I. Net revenues from sales of products, goods and materials	52 096	43 614	12 196	10 293
II. Profit (loss) on operational activity	35 042	29 975	8 204	7 074
III. Gross profit (Loss)	35 127	28 679	8 224	6 768
IV. Net profit (Loss)	28 328	23 096	6 632	5 451
V. Net cash flow from operating activities	28 759	22 354	6 733	5 276
VI. Net cash flow from investing activities	(4 842)	(2 279)	(1 134)	(538)
VII. Net cash flow from financial activities	(34 248)	(36 308)	(8 018)	(8 569)
VIII. Net cash flow total	(10 330)	(16 232)	(2 418)	(3 831)
IX. Total assets	43 457	34 207	10 144	8 011
X. Liabilities and provision for liabilities	4 151	2 810	969	658
XI. Long-term liabilities	-	-	-	-
XII. Short-term liabilities	4 151	2 810	969	658
XIII. Equity	39 306	31 397	9 175	7 353
XIV. Share capital	515	515	120	121
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)	1,10	0,90	0,26	0,21
XVIII. Net book value per single share (in PLN/ EUR))	1,53	1,22	0,36	0,29

Please state the exchange rate of PLN/EUR for calculating balance sheet figures	0,2334	0,2342
Please state the exchange rate of PLN/EUR for calculating the statement figures of the total revenues and cash flow statement	0,2341	0,2360

2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL STANDING

Specification	Note	Balance as at 30.09.2018	Balance as at 31.03.2018	Balance as at 30.09.2017
FIXED ASSETS		**15 141 073**	**11 438 626**	**9 245 136**
Tangible fixed assets	2	1 228 279	1 230 790	655 312
Investment real property		-	-	-
Goodwill		-	-	-
Other intangible assets	1	9 661 468	8 462 892	7 048 980
Shares and stocks		-	-	-
- including: investments accounted for using equity method		-	-	-
Long-term receivables	5	167 690	187 690	40 090
Other long-term financial assets		-	-	-
Deferred tax assets	15	386 467	313 937	293 764
Other fixed assets	3	3 697 169	1 243 318	1 206 990
CURRENT ASSETS		**28 315 669**	**37 204 881**	**24 961 814**
Inventory		-	-	-
Trade receivables	4	1 586 099	577 720	811 387
Receivables for current income tax		-	-	-
Other receivables	4	6 826 259	6 334 169	5 220 196
Other financial assets		-	-	-

Cash and its equivalents	5	19 803 663	30 133 807	18 517 552
Prepayments and accruals	6	99 648	159 186	412 679
ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**	**-**
Tangible fixed assets intended for sale		-	-	-
Other assets classified as intended for sale		-	-	-
Total assets :		**43 456 742**	**48 643 508**	**34 206 950**

Wrocław, November 26th, 2018.

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

Specification	**Note**	**Balance as at**	**Balance as at**	**Balance as at**
		30.09.2018	**31.03.2018**	**30.09.2017**
EQUITY		**39 306 035**	**45 233 913**	**31 397 199**
Share capital	7.1	515 000	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	7 311 156
Exchange rate differences after calculation		(81 983)	(74 882)	(32 447)
Revaluation reserve for the stock options incentive programme		-	-	-
Revaluation reserve for employee benefits		-	-	-
Reserve capital		-	-	-
Hedging reserve		-	-	-

Figures recognised directly in capital related to financial assets classified as available for sale		-	(11 330 000)	-
Undistributed result from previous years	7.3	737 638	507 513	507 513
Net profit (loss) of the business year	9	28 328 390	48 305 126	23 095 976
Equity attributable to shareholders of the parent company		**39 306 035**	**45 233 913**	**31 397 198**
Equity attributable to non-controlling shares		**-**	**-**	**-**
LONG-TERM LIABILITIES		**-**	**-**	**-**
Reserve due to deferred income tax	15	-	-	-
Provision for pension benefits and similar		-	-	-
Other provisions/ reserves		-	-	-
Credits and loans		-	-	-
Other financial liabilities		-	-	-
Other long-term liabilities		-	-	-
SHORT-TERM LIABILITIES		**4 150 707**	**3 409 595**	**2 809 752**
Credits and loans		-	-	-
Other financial liabilities		-	-	-
Trade liabilities	9	3 450 057	2 807 249	2 785 112
Current tax payables	9	695 664	602 346	19 567
Provision for pension benefits and similar		-	-	-
Other short-term provisions/reserves		-	-	-
Other liabilities	9	4 986	-	5 072
Accrued income		-	-	
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**	**-**
Total liabilities :		**43 456 742**	**48 643 508**	**34 206 950**

Wrocław, November 26th, 2018.

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

Specification	**Not e**	**01.07.2018 - 30.09.2018**	**01.04.2018 – 30.09.2018**	**01.04.2017 – 31.03.2018**	**01.07.2017 - 30.09.2017**	**01.04.2017 – 30.09.2017**

		3 months	6 months	12 months	3 months	6 months
Continued activity						
Revenues from sales	11	26 580 819	52 095 771	89 425 925	22 028 898	43 613 845
Prime costs of sale	12	4 419 096	8 426 361	15 863 622	3 836 429	7 113 894
GROSS POFIT (LOSS) ON SALES		**22 161 722**	**43 669 409**	**73 562 303**	**18 192 469**	**36 499 951**
Sales expenses	12	2 405 148	4 350 508	7 193 397	1 677 161	3 556 008
General and administrative costs	12	2 329 892	4 278 269	6 533 116	1 562 852	2 971 436
POFIT (LOSS) ON SALES		**17 426 683**	**35 040 633**	**59 835 790**	**14 952 456**	**29 972 506**
Other operating revenues	13	3 000	6 001	19 428	3 000	6 000
Other operating expenses	13	3 131	4 578	7 061	1 619	3 223
PROFIT (LOSS) ON OPERATING ACTIVITY		**17 426 551**	**35 042 055**	**59 848 157**	**14 953 836**	**29 975 283**
Financial revenues	14	34 768	84 631	131 767	33 234	59 939
Financial expenses	14	5	79	288	75 687	1 355 920
Profit on sales of shares to an associated company		-	-	-	-	-
Profit sharing in associated companies		-	-	-	-	-
PROFIT (LOSS) BEFORE TAX		**17 461 314**	**35 126 607**	**59 979 636**	**14 911 382**	**28 679 302**
Income tax	15	3 359 194	6 798 217	11 674 511	2 888 982	5 583 326
PROFIT (LOSS) ON CONTINUED ACTIVITY		**14 102 120**	**28 328 390**	**48 305 126**	**12 022 400**	**23 095 976**
Profit (loss) on discontinued activity			-	-	-	-
NET PROFIT (LOSS)		**14 102 120**	**28 328 390**	**48 305 126**	**12 022 400**	**23 095 976**
Other total revenues		-	-	-	-	-
Other comprehensive income items that will not be reclassified into profit or loss		**-**	**-**	**-**	**-**	**-**
Actuarial gain or loss			-	-	-	-
Effects of revaluation of tangible assets			-	-	-	-
Income tax related to the other comprehensive income			-	-	-	-
Other comprehensive income items that, after meeting certain requirements, will be reclassified into profit or loss		**(11 880)**	**(7 101)**	**(82 217)**	**(7 032)**	**(39 782)**
Hedge accounting			-	-	-	-
Translation differences on foreign operations		(11 880)	(7 101)	(82 217)	(7 032)	(39 782)
Effects of revaluation of financial assets available for sale			-	-	-	-

Other profit sharing in associated companies			-	-	-	-
Income tax related to other total income			-	-	-	-
Other total income		**(11 880)**	**(7 101)**	**(82 217)**	**(7 032)**	**(39 782)**
Total income		**14 090 240**	**28 321 289**	**48 222 908**	**12 015 368**	**23 056 194**

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4. NET EARNINGS PER SINGLE ORDINARY SHARE (PLN)

Earnings per single share (in PLN/GR per single share)	**for: 01.04.2018 - 30.09.2018**	**for: 01.04.2016 31.03.2017**	**for: 01.04.2017 30.09.2017**
On continuing and discontinued activity			
Ordinary	1,10	1,88	0,90
Diluted	1,10	1,88	0,90
On continuing and discontinued activity			
Ordinary	1,10	1,88	0,90
Diluted	1,10	1,88	0,90
Profit (loss) on continuing and discontinued activity	28 328 390	48 305 126	23 095 976
Profit (loss) on continuing activity	28 328 390	48 305 126	23 095 976
Weighted average number of 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

5. INTERIM CONDENSED CONSOLIDATED REPORT ON CHANGES IN EQUITY

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD : 01.04.2018 – 30.09.2018	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**	**-**	**7 311 156**	**(74 882)**	**-**	**507 513**	**48 305 126**	**56 563 913**
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**	**56 563 913**
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			-	-	-	(45 577 500)	-	(45 577 500)
Buyback			-	-	-	-	-	
Total transactions with owners	**-**	**-**	**2 495 833**	**-**	**-**	**231 793**	**(48 305 126)**	**(43 081 667)**
Net profit/loss in the period:			-	-	-	-	28 328 390	28 328 390
Other total income:			-	-	-	-	-	-
Reevaluation of fixed assets			-	-	-	-	-	-
Financial assets available for sale			-	-	-	-	-	-
Cash flow hedges			-	-	-	-	-	-
Exchange rate differences from revaluation of entities operating abroad			-	(7 101)	-	(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	**515 000**	**-**	**-**	**(7 101)**	**-**	**(1 667)**	**28 328 390**	**28 328 390**
Transfer to retained earnings (sale of reevaluated fixed assets)			-	-	-	-	-	-

Balance as of 30.09.2018	**515 000**	**-**	**9 806 989**	**(81 983)**	**-**	**737 639**	**28 328 390**	**39 306 035**

Wrocław, November 26th, 2018.

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6. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Specification		Cash flows for: 01.04.2018 - 30.09.2018	Cash flows for: 01.04.2017 31.03.2018	Cash flows for: 01.04.2017 30.09.2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit		35 126 607	59 979 636	28 679 302
Total adjustments		(6 367 192)	(11 404 270)	(6 325 294)
Depreciation and amortisation		1 653 551	2 469 250	1 140 589
Foreign exchange gain (loss)		-	-	-
Interest and profit sharing (dividend)		(84 552)	(131 480)	(59 691)
Profit (loss) on operating activity		-	-	-
Profit on sale of shares in the associate		-	-	-
Ineffective part of cash flows hedges		-	-	-
Changes in working capital		(793 137)	(1 778 542)	(1 194 192)
Change in provisions		-	-	-
Change in inventories		-	-	-
Change in receivables		(1 500 470)	(2 402 110)	(1 422 573)
Change in short-term liabilities – excluding financial liabilities		647 794	571 472	554 408
Change in prepayments and accruals		59 538	52 096	(326 027)
Paid income tax		(7 143 054)	(11 963 498)	(6 212 000)
Other adjustments		-	-	-
Net cash flows from operating activity		**28 759 415**	**48 575 366**	**22 354 007**
CSH FLOWS FROM INVESTING ACTIVITIES				
Expenses on acquisition of intangible and tangible assets		(4 926 611)	(5 685 103)	(2 338 210)
Proceeds (inflows) from sale of intangible assets		-	-	
Expenses on acquisition of tangible fixed assets		-	-	-
Proceeds (inflows) from sale of tangible fixed assets		-	-	-
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		84 552	131 480	59 691

Dividends received	-	-	-
Net cash flows on investment activities	**(4 842 059)**	**(5 553 623)**	**(2 278 519)**
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	(34 247 500)	(47 637 500)	(36 307 500)
Interest paid	-	-	-
Net cash flows from financial activity	**(34 247 500)**	**(47 637 500)**	**(36 307 500)**
NET TOTAL CASH FLOWS	**(10 330 144)**	**(4 615 757)**	**(16 232 012)**
BALANCE CHANGE OF CASH, INCLUDING	(10 330 144)	(4 615 757)	(16 232 012)
- change in cash due to exchange rate gains or losses	-	250 023	-
OPENING BALANCE OF CASH	30 133 807	34 749 564	34 749 564
CLOSING BALANCE OF CASH (F +/- D), including	**19 803 663**	**30 133 807**	**18 517 552**
-with limited disposability	-	-	-

Wrocław, November 26th, 2018.

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7. FURTHER INFORMATION AND EXPLANATORY NOTES

1. General

a) Information on the parent company

The interim condensed consolidated financial statement of the Capital group of LIVECHAT SOFTWARE SA ("Capital group", "Group") contains:

1. Interim condensed consolidated financial statement made on September 30th, 2018, which presents the total balance of assets, equity and liabilities in the amount of 43 456 742 PLN;

2. Interim condensed consolidated statement on the financial result and comprehensive/total income for the period from April 1st, 2018 until September 30th, 2018 which presents the net profit of 28 328 390 PLN and the total income of 28 321 289 PLN;

3. Interim condensed consolidated statement of changes in equity for the business period of from April 1st, 2018 until September 30th, 2018 presenting equity capital decrease by amount of 5 927 878 PLN;

4. Interim condensed consolidated statement of cash flows for the period from April 1st, 2018 until September 30th, 2018 presenting a decrease of net cash flows by 10 330 144 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 (postal code: 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 September 30th, 2018 and as of the day of approving the financial statement 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 at 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 interim financial statement was made for the period from April 1st, 2018 until September 30th, 2018 (including the comparable data) and was approved for publishing by the Company's Management Board on November 26th, 2018.

g) Translation of figures presented in a foreign currency and translation into the presentation currency
The Company translated as of September 30th, 2018 its accounts presented in USD using the exchange rate of 1USD = 3,6754 PLN

2. 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.

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).

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.

*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 present interim condensed 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.

The interim condensed consolidated financial statement does not comprise all the information and disclosures required for an annual consolidated financial statement and should be read along with the consolidated financial statement of the Group for the year ended on March 31st, 2018.

b) Effect of amendments in the standards or interpretations

The principles (policy) of accounting used for drawing up the present condensed consolidated financial statement for the period of 6 months ending on September 30th, 2018 are coherent with the principles used for elaborating the annual consolidated financial statement for 2017/2018.

c) 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 IFRS 34.
In case of retrospective entering of amendments to accounting principles or error adjustments, the Company presents the report on its financial standing prepared additionally 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 September 30th, 2018. 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 September 30th, 2018. 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 .

Transactions in foreign currencies
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.

Intangible assets
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 investments are recognized in the profit and loss account at the moment they are incurred.

R&D expenses are recognised as intangible assets 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.

<u>Tangible assets</u>

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 a possible depreciation adjustment 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 in the 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 derecognized from the balance sheet in case the rights to economic benefits as well as the risk arising from a concluded contract have been exercised, ceased or the Group has waived them.

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 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 IFRS 3.
The company creates especially provisions for servers' maintenance costs due to the sale completed.

Revenues from sales

The IFRS introduces a new 5-step model of revenue recognition in which revenue recognition depends on whether the client has control over a product or service. The five steps of the model are as follows:

1. Identifying the contract.
2. Identifying the individual performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price.
5. Recognising the revenue.

The Group analyzed the sales contracts concluded with clients and the standard sales transactions in order to identify differences resulting from the introduction of the IFRS 15 and from recognising the revenue following the above mentioned 5-step model. The Group concluded that there was no significant effect of implementing the IFRS 15 on the financial statement and thus did not make any adjustments in the statement due to the implementation of the IFRS 15 as of January 15th,2018.

The Group identifies in an important aspect a single type of performance obligation mentioned below:

- sales of products based on the SaaS model.

There are no significant variable components of remuneration.

Sales revenues are recognised at fair value of payments received or due and represent product receivables (services) obtained in the process of regular operations, decreased by discounts, VAT and other trade taxes . 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.

Sales of products

Revenues from sales of products (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 costs using cost centre accounting .

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.

Reserve and 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 prospected 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 prospected 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 prospected 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 significant adjustments in the value of the assets of the Group.

3. Intangible assets

3.1 – Intangible assets	As of	As of
	30.09.2018	31.03.2018
Goodwill	-	-
Patents and licences	-	-
R&D expenses	9 661 468	8 462 892
Other intangible assets, including the value of intangible assets under implementation	-	-
TOTAL INTANGIBLE ASSETS:	**9 661 468**	**8 462 892**

3.2 Intangible assets in the reporting period from 1.04.2018 to 30.09.2018	Goodwill	Patents and licences	R&D expenses	Other intangible assets, including intangible assets under implementation
Gross opening balance			**13 712 128**	
Acquisition	**-**	**-**	-	**-**
Reclassification	-	-	2 527 252	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	-	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-
Gross closing balance	**-**	**-**	**16 239 380**	**-**
Opening redemption balance	**-**	**-**	**5 249 237**	**-**
Amortisation increase for the period	-	-	1 328 675	-
Reclassification	-	-	-	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	-	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-
Gross closing balance	**-**	**-**	**6 577 912**	**-**
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	**-**	**-**	**9 661 468**	**-**

The most important intangible asset is the completed R&D related to subsequent versions of the products offered by the Group.
Intangible assets are not in any of the presented periods subject of hedge accounting. The Group does not possess intangible assets intended for sale.
The evidence of intangible assets includes, among other things, the investment on R&D related to Chat.io application with the gross value of 1 041 421,19. The investment made on this application has also been entered into the investment in progress (other prepayments and accruals) in the amount of 192 646,64 PLN.
The application was completed in the first version and offered for marketing, therefore it was assumed that the works carried out had been successfully finished and entered into the evidence of intangible assets.
Chat.io was used by the company as a starting point for works on a new version of the Company's main product-LiveChat. Freedom in implementing new solutions into chat.io as well as the fact that fewer clients used this application made it possible to develop the technology which was then applied in the Company's main product. Owing to chat.io the risk of making dramatical changes into the main product was eliminated and the Company became certain that the changes were from the start well received by LiveChat clients. Thanks to the tests on chat.io a LiveChat version was created that has brought more benefits to the clients of the Company's main product.

Owing to the above, the Company expects that the investments ,made on chat.io application will be returned through the increased functionality. This will bring along increased revenues from sales of LiveChat application.

In the opinion of the management Board there has been no impairment of the investments made on R&D.

4. Tangible assets

4.1 Tangible assets	As of	As of
	30.09.2018	31.03.2018
Land	-	-
Right to perpetual usufruct	-	-
Buildings and structures	310 404	-
Machinery and equipment	917 874	833 118
Vehicles	-	-
Other fixed assets	-	-
Fixed assets in the course of construction	-	397 673
Advances for fixed assets	-	-
TOTAL FIXED ASSETS:	**1 228 279**	**1 230 790**

The most important element of of the other tangible assets is computer equipment. The value of the machinery purchased in the first half of the business year 2018/19 amounted to 147 thousand PLN. As at September 30th,2018 there were no significant liabilities related to the purchase of fixed assets.

The value of buildings and structures refers to the investments made on the new seat of the Company.

4.2 Tangible fixed assets in the reporting period from 1.04.2018 to 30.09.2018	**Land**	**Right to perpetual usufruct**	**Buildings and structures**	**Machinery and equipment**	**Vehicles**	**Other fixed assets**	**Fixed assets in the course of construction, advance payments**
Opening gross balance	**-**	**-**	**-**	1 833 292	-	-	397 673
Carried from fixed assets under construction	-	-	-	-	-	-	-
Direct acquisition	-	-	16 200	306 164	-	-	-
Reclassification	-	-	397 673	-	-	-	-397 673-
Increase due to combination of businesses	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing balance	**-**	**-**	413 873	2 139 456	-	-	-
Opening redemption balance	**-**	**-**	**-**	1 000 175	-	-	-
Amortisation increase for the period	-	-	103 468	221 407	-	-	-
Increase due to combination of businesses	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing redemption balance	**-**	**-**	**103 468**	**1 221 582**	**-**	**-**	**-**
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	**-**	**-**	**310 405**	**917 874**	**-**	**-**	**-**

5. Long-term receivables

Long-term receivables as at September 30th, 2018 mainly refer to the deposits paid.

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.

Receivables	30.09.2018			31.03.2018		
	Value	Revaluation write-off	Balance sheet value	Value	Revaluation write-off	Balance sheet value
Trade receivables	1 586 099	-	1 586 099	577 720	-	577 720
Receivables due to the current income tax		-	-	-	-	-
Receivables due to the other taxes, duties, and social insurance	6 826 259	-	6 826 259	6 334 169	-	6 334 169
Other receivables	6 687 012	-	6 687 012	3 841 435	-	3 841 435
TOTAL RECEIVABLES:	**8 412 358**	**-**	**8 412 358**	**6 911 888**	**-**	**6 911 888**

As of September 30th, 2018 the Group had no overdue receivables not covered by provisions. 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 30.09.2018	As of 31.03.2018
Cash in hand		-
Cash on bank accounts	18 722 643	29 732 904
Other cash and its equivalents	1 081 020	400 902
TOTAL CASH:	**19 803 663**	**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.

7.2 Cash- currency structure	As of 30.09.2018	As of 31.03.2018
Cash in PLN	13 894 145	25 995 571
Cash in USD	5 909 519	4 138 236
Cash in EUR	-	-
TOTAL CASH:	**19 803 663**	**30 133 807**

8. Prepayments and accruals

Long term prepayments and accruals mainly refer to uncompleted R&D and the value of the acquired internet domains.

Short-term prepayments and accruals refer to expenses settled over time (deferred costs).

9. Equity

9.1 Share capital

SHARE CAPITAL (STRUCTURE) – 30.09.2018								
	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	750,00	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 September 30th, 2018 and of the day of drawing up the financial statement.

	As of March 31st, 2018	**As of September 30th, 2018**	**As of November 26th, 2018**
Nationale-Nederlanden PTE	5,53%	5,53%	5,53%
Aviva OFE Aviva Santander	n/a	5,48%	5,48%
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	47,36%	41,88%	41,88%
Total	100%	100%	100%

9.2 Supplementary capital

Supplementary capital was formed by retaining a part of the Company's profits from previous years. The Company distributed its result of the previous year in accordance with the requirements specified in art. 347 § 4 in the code of commercial companies (corporate law).

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.

9.4 Information on the dividend paid

By virtue of the resolution of the Annual Shareholders' Meeting of August 7th,2018 the net profit of the parent company for 2016/2017 was allocated to:

- payment of dividend – 45.577.500,00,00 PLN
- increase of the supplementary capital – 2.495.833,49 PLN

A dividend per share shall amount to 1,77 PLN. The dividend day is fixed at August 14th,2018 and the dividend payment day shall be August 21st,2018.

10. Trade and other liabilities

10.1 Trade and other short-term liabilities	As of 30.09.2018	As of 31.03.2018
Trade liabilities	3 450 057	2 807 249
Taxes	695 664	602 346
Payroll	-	-
Other taxation, custom duties and social insurance	-	-
Accruals and other liabilities	4 986	-
TOTAL SHORT-TERM LIABILITIES:	**4 150 707**	**3 409 595**

Trade liabilities also include the provision for maintenance of servers.

10.2 Liabilities as of 30.09.2018 – Ageing liabilities	Current	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1 year to 5 years	Total
Trade liabilities	3 450 057	3 450 057				3 450 057
Due to current income tax	695 664	695 664				695 664

Payroll	-					-
Other taxation, custom duties and social insurance	-	-				-
Accruals and other liabilities	4 986	4 986				4 986
Total	**4 150 707**	**4 150 707**	**-**	**-**	**-**	**4 150 707**

99% of liabilities is denominated in PLN.

11. Revenues from sales

11 Sales revenues (continued activity)	**For the period ended**	**For the period ended**	**For the period ended**	**For the period ended**
	3 months	**6 months**	**3 months**	**6months**
	30.09.2018	**30.09.2018**	**30.09.2017**	**30.09.2017**
Revenues from sales of products	26 580 819	52 095 771	22 028 898	43 613 845
Revenues from sales of services	-	-	-	-
Revenues from sales of goods	-	-	-	-
Revenues from sales of materials	-	-	-	-
TOTAL SALES REVENUES	**26 580 819**	**52 095 771**	**22 028 898**	**43 613 845**

Due to a uniform character of its operations the Company does not identify operating segments. Almost 95% of the consolidated revenues from sales is generated by the Company through its subsidy in USA.

12. Operating expenses

Cost by nature	**For the period ended**	**For the period ended**	**For the period ended**	**For the period ended**
	3 months	**6 months**	**3 months**	**6months**
	30.09.2018	**30.09.2018**	**30.09.2017**	**30.09.2017**
Amortisation	892 423	1 653 551	590 955	1 140 587
Energy and materials used	215 774	412 639	96 747	158 314
External services	6 951 432	13 119 846	5 481 390	10 100 835
Taxes and charges	7 285	7 285	140	6 592
Cost of employee benefits	531 988	734 104	267 858	591 369
Other cost by nature	650 252	1 505 767	531 824	1 295 269
Value of materials and goods sold	-	-	-	-

Exchange rate differences related to the operating activity	(95 018)	(378 054)	107 527	348 373
TOTAL COST BY NATURE	**9 154 136**	**17 055 138**	**7 076 441**	**13 641 338**
Adjustments:				
Change in stock		-		-
Own cost of sales	4 419 096	8 426 361	3 836 429	7 113 894
Cost of sales	2 405 148	4 350 508	1 677 161	3 556 008
Administrative expenses	2 329 892	4 278 269	1 562 852	2 971 436
TOTAL OPERATING EXPENSES	**9 154 136**	**17 055 138**	**7 076 441**	**13 641 338**

13. Other operating income and expenses

The other operating expenses basically comprise the revenues from sublease.

14. Financial income and costs

Financial income consists of the obtained interest on bank deposits and financial resources on bank accounts.

15. Income tax

	01.04.2018 - 30.09.2018	**01.04.2017 - 30.09.2017**
Gross figure	35 008 197,99	**28 564 610,82**
Temporary and fixed differences	1 125 911,52	**745 591,22**
Taxable base	36 134 109,51	**29 310 202,04**
Income tax	**6 865 480,00**	**5 568 938,00**

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 provisions and fixed assets.

16. Financial instruments

Financial instruments by category	**As of 30.09.2018**	**As of 31.03.2018**

Financial instruments by category	Book value	Fair value	Book value	Fair value
Financial assets measured at the amortised cost	**28 216 021**	**28 216 021**	**37 045 695**	**37 045 695**
Own receivables	8 412 358	8 412 358	6 911 888	6 911 888
Money	19 803 663	19 803 663	30 133 807	30 133 807
Financial liabilities measured at the amortised cost	**4 150 707**	**4 150 707**	**3 409 595**	**3 409 595**
Trade and other financial liabilities	4 150 707	4 150 707	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 September 30th,2018 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.

Name	01.04.2018 – 30.09.2018	01.04.2017 – 30.09.2017
Mariusz Ciepły	325 000,00	108 000,00
Urszula Jarzębowska	172 000,00	72 000,00
Total	**497 000,00**	**180 000,00**

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

As at September 30th, 2018 the company has receivables due to advance payments amounting to:

- Mariusz Ciepły – 1063,85 PLN

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

18. Contingent items and other off-balance sheet items

There were no such items.

19. Employment

Average employment by job positions	For the period ended	For the period ended
	30.09.2018	30.09.2017
Physical workers	-	-
Office workers	107	78
Total average number of job positions	107	78

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 within the period from April 1st,2018 until September 30th,2018 there were no other major events of non-typical character having an impact on the financial results generated by the Capital Group.

21. Events after the balance sheet date

did not occur

22. Transactions with related parties

Consolidated entities	Receivables	Liabilities	Sales	Purchase
LiveChat, Inc	6 259 906	-	51 988 400	8 973 638

29. Cyclicality and seasonality of the activities run

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

Wrocław, November 26th, 2018

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