CONSOLIDATED FINANCIAL STATEMENT

FOR THE BUSINESS YEAR ENDING ON MARCH 31ST, 2018

DRAWN UP IN ACCORDANCE WITH INTERNATIONAL STANDARDS OF FINANCIAL REPORTING

Capital Group LIVECHAT SOFTWARE SA

Wrocław, June 18th, 2018

CONTENTS

SELECTED FINANCIAL DATA

Title	thousand PLN		thousand EUR	
	01.04.2017 - 31.03.2018	01.04.2016 - 31.03.2017	01.04.2017 - 31.03.2018	01.04.2016 - 31.03.2017
I. Net revenues from sales of products, goods and materials	89 426	76 254	21 206	17 516
II. Profit (loss) on operational activity	61 362	53 350	14 551	12 254
III. Gross profit (Loss)	59 980	53 468	14 223	12 282
IV. Net profit (Loss)	48 305	42 917	11 455	9 858
V. Net cash flow from operating activities	48 178	43 205	11 425	9 924
VI. Net cash flow from investing activities	(5 156)	(3 859)	(1 223)	(886)
VII. Net cash flow from financial activities	(47 638)	(27 810)	(11 297)	(6 388)
VIII. Net cash flow total	(4 616)	11 536	(1 095)	2 650
IX. Total assets	48 644	47 533	11 558	11 265
X. Liabilities and provision for liabilities	3 410	2 884	810	684
XI. Long-term liabilities	-	-	-	-
XII. Short-term liabilities	3 410	2 884	810	684
XIII. Equity	45 234	44 649	10 748	10 582
XIV. Share capital	515	515	122	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)	1,88	1,67	0,44	0,38
XVIII. Net book value per single share (in PLN/ EUR))	1,76	1,73	0,42	0,41

Please state the exchange rate of PLN/EUR for calculating balance sheet figures	0,2376	0,2370
Please state the exchange rate of PLN/EUR for calculating the statement figures of the total revenues and cash flow statement	0,2371	0,2297

CONSOLIDATED STATEMENT OF FINANCIAL STANDING

Specification	Note	Balance as at 2018-03-31	Balance as at 2017-03-31
FIXED ASSETS		**11 438 626**	**8 061 900**
Tangible fixed assets	2	1 230 790	572 413
Investment real property		-	-
Goodwill		-	-
Other intangible assets	1	8 462 892	6 058 885
Shares and stocks		-	-
- including: investments accounted for using equity method		-	-
Long-term receivables	5	187 690	40 090
Other long-term financial assets		-	-
Deferred tax assets	15	313 937	308 152
Other fixed assets	3	1 243 318	1 082 360
CURRENT ASSETS		**37 204 881**	**39 470 624**
Inventory		-	-
Trade receivables	4	577 720	476 027
Receivables for current income tax		-	-
Other receivables	4	6 334 169	4 033 751
Other financial assets		-	-
Cash and its equivalents	5	30 133 807	34 749 564
Prepayments and accruals	6	159 186	211 282
ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**
Tangible fixed assets intended for sale		-	-
Other assets classified as intended for sale		-	-
Total assets :		**48 643 508**	**47 532 524**

Wrocław, June 18th, 2018.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

Specification		Balance as at	Balance as at
		2018-03-31	**2017-03-31**
EQUITY		**45 233 913**	**44 648 505**
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	7 311 156	893 933
Exchange rate differences after calculation		(74 882)	7 335
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	8.4	(11 330 000)	
Undistributed result from previous years	8.3	507 513	315 287
Net profit (loss) of the business year	9	48 305 126	42 916 950
Equity attributable to shareholders of the parent company		**45 233 913**	**44 648 505**
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		**3 409 595**	**2 884 019**
Credits and loans		-	-
Other financial liabilities		-	-
Trade liabilities	9	2 807 249	2 230 794
Tax payables	9	602 346	648 242
Provision for pension benefits and similar		-	-
Other short-term provisions/reserves		-	-
Other liabilities	9	-	4 983
Accrued income		-	-
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**
Total liabilities :		**48 643 508**	**47 532 524**

Wrocław, June 18th, 2018.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

CONSOLIDATED STATEMENT OF FINANCIAL RESULT AND TOTAL INCOME			
Specification	**Note**	**For period 01.04.2017 31.03.2018**	**For period 01.04.2016 - 31.03.2017**
Continued activity			
Revenues from sales	11	89 425 925	76 254 434
Prime costs of sale	12	14 350 061	11 748 600
GROSS POFIT (LOSS) ON SALES		**75 075 864**	**64 505 834**
Sales expenses	12	7 193 397	6 859 405
General and administrative costs	12	6 533 116	4 314 743
POFIT (LOSS) ON SALES		**61 349 351**	**53 331 685**
Other operating revenues	13	19 428	19 089
Other operating expenses	13	7 061	1 202
PROFIT (LOSS) ON OPERATING ACTIVITY		**61 361 718**	**53 349 572**
Financial revenues	14	131 767	125 481
Financial expenses	14	1 513 849	6 670
Profit on sales of shares to an associated company		-	-
Profit sharing in associated companies		-	-
PROFIT (LOSS) BEFORE TAX		**59 979 636**	**53 468 384**
Income tax	15	11 674 511	10 551 433
PROFIT (LOSS) ON CONTINUED ACTIVITY		**48 305 126**	**42 916 950**
Profit (loss) on discontinued activity		-	-
NET PROFIT (LOSS)		**48 305 126**	**42 916 950**
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		**(82 217)**	**13 241**
Hedge accounting		-	-
Translation differences on foreign operations		(82 217)	13 241
Effects of revaluation of financial assets available for sale		-	-
Income tax related to other total revenues		-	-
Other total income		**(82 217)**	**13 241**
Total income		**48 222 908**	**42 930 191**

Wrocław, June 18th, 2018.

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Joanna Alwin. Financial Director

NET EARNINGS PER SINGLE ORDINARY SHARE (PLN)

Earnings per single share (in PLN/GR per single share)	For period: 01.04.2017 31.03.2018	For period: 01.04.2016 - 31.03.2017
On continuing and discontinued activity		
Ordinary	1,88	1,67
Diluted	1,88	1,67
On continuing activity		
Ordinary	1,88	1,67
Diluted	1,88	1,67

Profit (loss) on continuing and discontinued activity	48 305 126	42 916 950
Profit (loss) on continuing activity	48 305 126	42 916 950
Weighted average number of shares	25 750 000	25 750 000
Weighted average diluted number of ordinary shares	25 750 000	25 750 000

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).

CONSOLIDATED STATEMENT OF CASH FLOWS

Specification		For period: 01.04.2017 - 31.03.2018	For period: 01.04.2016 - 31.03.2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross profit (loss)		59 979 636	53 468 384
Total adjustments		(11 801 944)	(10 263 773)
Depreciation and amortisation		1 877 613	1 693 200
Foreign exchange gain (loss)		-	-
Interest and profit sharing (dividend)		(131 480)	(118 811)
Profit (loss) on operating activity		-	-
Profit on sale of shares in the associate		-	-
Ineffective part of cash flows hedges		-	-
Changes in working capital		(1 778 543)	(858 033)
Change in provisions		-	(575)
Change in inventories		-	-
Change in receivables		(2 402 110)	(1 238 687)
Change in short-term liabilities – excluding financial liabilities		571 472	659 330
Change in prepayments and accruals		52 096	(278 101)
Paid income tax		(11 769 534)	(11 058 540)
Other adjustments			78 411
Net cash flows from operating activity		**48 177 693**	**43 204 610**
CSH FLOWS FROM INVESTING ACTIVITIES			
Expenses on acquisition of intangible assets		(5 287 430)	(3 977 792)
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		131 480	118 811
Dividends received		-	-
Net cash flows on investment activities		**(5 155 950)**	**(3 858 980)**
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		(47 637500)	(27 810 000)
Interest paid		-	-
Net cash flows from financial activity		**(47 637500)**	**(27 810 000)**
NET TOTAL CASH FLOWS		**(4 615 757)**	**11 535 630**
BALANCE CHANGE OF CASH, INCLUDING		(4 615 757)	11 535 630
- change in cash due to exchange rate gains or losses		250 023	-
OPENING BALANCE OF CASH		34 749 564	23 213 934
CLOSING BALANCE OF CASH (F +/- D), including		**30 133 807**	**34 749 564**
--with limited disposability		-	-

Wrocław, June 18th, 2018.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

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, 2018, which presents the total balance of assets, equity and liabilities in the amount of 48 643 508 PLN.

2. Consolidated statement on the financial result and comprehensive/total income for the period from April 1st, 2017 until March 31st, 2018 which presents the net profit of 48 305 126 PLN and the total income of 48 222 908 PLN,

3. Consolidated statement of changes in equity for the business period of from April 1st, 2017 until March 31st, 2018 presenting equity capital increase by amount of 585 408 PLN,

4. Consolidated statement of cash flows for the period from April 1st, 2017 until March 31st, 2018 presenting a decrease of net cash flows by 4 615 757 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 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 and until the day of approving the statement for publishing the composition of the Management Board of the Parent Company did not change.

The Supervisory Board of the Parent Company as of March 31st, 2018 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

On November 15th, 2017 Andrzej Różycki resigned from his function of a member of the Supervisory Board. On December 19th, 2017 the Extraordinary Meeting of Shareholders appointed Michał Markowski a 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 approved for publishing by the Company's Management Board on June 18th, 2018.

g) Translation of figures presented in a foreign currency and translation into the presentation currency
The Company translated as of March 31st, 2018 its balance sheet items presented in USD using the exchange rate of 1USD = 3,4139 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= 3,6106.

Basis for preparation of financial statements and accounting principles applied

a) Declaration on compliance

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. Taking into account the process continuing in the European Union to introduce the IFRS as well as the activity run by the Group, there are no significant differences in terms of the principles of accounting applied by the Group between the IFRS in force and the standards that are going to become in force after march 31st, 2018. The Group will apply the amended standards after April 1st, 2018.

b) Basis for preparing the financial statements
The present consolidated statement was prepared according to the principle of historical cost.
The Company's operating currency as well as the presentation currency of the consolidated financial statement is PLN, and all the accounts are shown in PLN (unless indicated otherwise).

The statement was prepared assuming that the Company 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 Company may not be able to continue its operations.

c) Effect of applying new accounting standards or amending standards or rules of interpretation

When preparing the present consolidated financial statement the Group applied the same accounting principles as when preparing its the consolidated financial statement for the previous business year, except for the principles, that were amended or introduced as a result of applying new IFRS regulations in force since April 1st, 2017.
The following new and amended standards and interpretations, which have been in force since April 1st,2017, were applied in this present, consolidated financial statement:

* amendments to IAS 7 "Cash flow statements" - the initiative with reference to disclosures - approved in EU on November 6th, 2017 (apply to year periods with effective date on January 1st, 2017 or after that date);
* amendments to IAS 12 "Income tax"- recognizing assets due to deferred income tax on unrealized loss- approved in EU on November 6th,2017 (apply to year periods with effective date on January 1st, 2017 or after that date);
* amendments to various standards "Amendments to IFRS (2014-2016) – the amendments made as part of introducing annual amendments to IFRSs (IFRS1, IFRS 12, IAS 28) focusing mainly on solving inconsistencies and clarifying vocabulary – approved by EU on February 7th, 2018 (amendments to IFRS 12 apply to year periods with effective date on January 1st, 2017 or after that date).

The above standards and interpretations had no significant impact on the present consolidated financial statement for the business year ending on March 31st,2018. New standards and amendments to the existing standards in force which were adopted by RMSR and approved by EU, which, however have not become effective yet:

- IFRS 9 "Financial instruments" approved by EU on November 22nd,2016 (applies to year periods with effective date on January 1st, 2018 or after that date);

- IFRS 15 " Revenues from agreements with clients" and amendments to IFRS 15 "The date on which the IFRS 15 becomes effective" - approved by EU on September 22nd (apply to year periods with effective date on January 1st, 2018 or after that date).

- IFRS 16 " Leasing" approved by EU on October 31st,2017 (apply to year periods with effective date on January 1st, 2019 or after that date),

-amendments to IFRS 4 "Insurance contracts" - Application of IFRS 9 "Financial instruments" together with IFRS 4 "Insurance instruments" - approved by EU on November 3rd,2017 (apply to year periods with effective date on January 1st, 2018 or after that date or at the time IFRS 9 "Financial instruments" is applied for the first time),

- amendments to IFRS 15 " Revenues from agreements with clients" - explanations to IFRS 15 "Revenues from agreements with clients- approved by EU on October 31st,2017 (apply to year periods with effective date on January 1st, 2018 or after that date);

Amendments to various standards "Amendments to IFRS (2014-2016) – the amendments made as part of introducing annual amendments to IFRSs (IFRS1, IFRS 12, IAS 28) focusing mainly on solving inconsistencies and clarifying vocabulary – approved by EU on February 7th, 2018 (amendments to IFRS 12 apply to year periods with effective date on January 1st, 2018 or after that date). The Group has not decided on an earlier application of any of the standards, interpretations or amendments that have not become in force. The Group has made an analysis of the impact the above standards and amendments to them might have on the principles of accounting it has been using as well as on the consolidated financial statement. In the opinion of the Management Board of the parent company, the IFRS 15 " Revenues from agreements with clients" including the relevant amendments will not have a significant impact on the consolidated financial statement and the applied principles of accounting. 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. In case the amount of a revenue varies, as stipulated in the new standard, the 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. Apart from that, according to IFRS 15, the cost incurred for soliciting and securing a contract with a client should be activated and settled in time throughout the period a company benefits from that contract. The Group, first of all, renders short-term services where the moment of the service completion is clearly stated. The principles of accounting related to services rendered in time referred to in note d) shall not be affected significantly. Analysing the type of the services rendered as well as 5-stage approach to revenue recognition, the Group has not identified a significant effect that this might have on the applied principles of accounting.

IFRS 9 comprises three aspects related to financial instruments: classification and assessment, impairment and hedge accounting. The standard divides all financial assets into two groups: measured at fair value and measured at amortised cost. The majority of the requirements of IAS 39 in terms of classification and assessment of liabilities has been moved to IFRS 9 in the corresponding shape. IFRS 9 introduces a new model of establishing write-offs – the expected credit loss model. The new model of financial assets impairment requires a quicker recognition of financial expenses in the financial result. The Group does not expect a significant effect the introduction of IFRS 9 may have on the financial statement and equity, including the effects of applying IFRS 9 in terms of impairment – the main financial assets are formed by cash; apart from that, the Group has not made any write-offs of financial instruments.

IFRS 16 defines the rules for recognizing leasing in terms of its evaluation, information provision and disclosure. The standard provides a single accounting model for a lessee, requiring a lessee to recognise assets and liabilities in the balance sheet for every lease contract. The right to use the asset will be then amortised and the liability will be measured at amortised cost. The standard provides for simplifications for short-term contracts with the duration period up to 12 months and for the assets of low value. The accounting approach as far as the leasing is concerned is close to the principles currently covered by IFRS 17. The Group is only a party to a lease contract of an office area within its main office, therefore the Management Board is of the opinion that the standard will not affect significantly both the financial statement as well as the equity.

New standards and amendments to the existing standards and interpretations that have not been approved by EU:

- IFRS 14 " Regulatory deferral accounts" (apply to year periods with effective date on January 1st, 2016 or after that date)- European Committee decided not to start the process of adopting this temporary standard to be applied in the territory of EU until the final version of IFRS 14 is published,

- IFRS 17 “Insurance contracts” (apply to year periods with effective date on January 1st, 2021 or after that date),
- amendments to IFRS 2 “Share based payments” - classification and assessment of share based payments (apply to year periods with effective date on January 1st, 2018 or after that date),
- amendments to IFRS 9 “Financial instruments” prepayment option with a negative offset (applies to year periods with effective date on January 1st, 2019 or after that date);
- amendments to IFRS 10 “Consolidated financial statements” and IAS 28 “ Investments in associates and joint ventures: Sales and contribution with assets between an investor and its associate or a joint venture” issued on September 11th, 2014 with further amendments (the date on which the amendments become effective has been postponed until the research works on the equity method are completed),
- amendments to IAS 19 “Employee benefits” - amendment, scheme limiting or settlement (apply to year periods with effective date on February 1st, 2019 or later),
- amendments to IFRS 28 “Investments in associates and joint ventures” - long-term shares in associates and joint ventures (apply to year periods with effective date of January 1st, 2019 or later),
- amendments to IAS 40 “ Investment properties”- transfer of investment properties (apply to year periods with effective date on January 1st, 2018 or after that date);
- amendments to various standards “Amendments to IFRS (2015-2017) – the amendments made as part of introducing annual amendments to IFRSs (IFRS3, IFRS 11 and IFRS 12 and IFRS 23) focusing mainly on solving inconsistencies and clarifying vocabulary – (amendments to IFRS 12 apply to year periods with effective date on January 1st, 2017 or after that date, whereas amendments to IFRS 1 and IFRS 28 apply to year periods with effective date on January 1st, 2019 or after that date).

- interpretation of KIMSF 22 “ Transactions in foreign currencies and advance payments” (applies to year periods with effective date on January 1st, 2018 or after that date).
- interpretation of KIMSF 23 “ Uncertainty over income tax treatment” (applies to year periods with effective date on January 1st, 2019 or after that date).

The Group has made an analysis of the impact the above standards and amendments to them might have on the principles of accounting it has been using. In the opinion of the Management Board of the parent company, they will not have a significant impact on the consolidated financial statement and the applied principles of accounting.

d) principles of accounting

Voluntary change in accounting principles
When preparing the present consolidated financial statement the Group did not change voluntarily the previously applied accounting principles.

Presentation of financial statements
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.

Consolidation
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, 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 March 31st,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 according to IFRS 3,
* 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 (according to IAS 12).

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.

Exchange rate differences resulting from recalculations or translations of monetary items other than derivatives, are recognised in the other revenues or operating expenses in the net value, excluding exchange rate differences capitalised in the assets in cases defined by accounting principles.

Intangible assets
Intangible assets cover patents and licences, software, R&D expenses and the other intangible assets that meet the criteria of IAS 38. This item also shows intangible assets, which have not been commissioned yet (intangible assets under development).

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 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 period of their economic useful life, which, on the average, is 3-5 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 as 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%

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.

When a financial asset or liability is recognised, the Group measures it, as of the acquisition date, mostly at its fair value, that is at the fair value of the transaction cost (payment made in case of an asset or payment received in case of a liability). 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

For the purpose of evaluation after initial recognition, the Group classifies financial assets other than hedging derivatives divided into:

* loans and receivables
* available-for-sale assets

The above categories are defined by accounting principles on the balance sheet day as well as by recognising revaluation profits or losses in the financial result or in other total income. Profits or losses recognised in the financial result are presented as financial revenues or expenses, except for write-offs to trade receivables, which are presented as the other operating expenses.

All financial assets, except for the assets presented at their fair value through the financial result, are measured on every balance sheet day due to the possibility of impairment loss. A financial asset is amortised if there is an objective evidence for its impairment loss. Impairment loss evidence is analysed for each category of financial assets separately, which is presented below.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. Loans and receivables are measured at the amortised cost using the effective interest method. Measurement of short-term receivables is made in the value of the amount to be received due to insignificant discount effects.
Financial assets classified as loans and receivables are presented in the balance sheet as:
* short-term assets in the items referred to "Trade receivables and other receivables" and "Cash and its equivalents".

Allowances for doubtful receivables are measured when receiving the full amount of receivables ceased to be probable. Significant balances of receivables are subject to individual evaluation in case of debtors that delay in payments or if there is an evidence that the debtor is not able to pay his dues (for example, his difficult financial standing, court proceedings instituted against him, negative changes in his economic surroundings). For receivables that are not subject to individual analysis, signs of impairment loss are analysed as parts of particular asset categories defined due to credit risk (resulting, for example, from a business branch, region or receivers). Thus, revaluation write-off factor for particular categories is based on observing trends related to date payment problems in a not remote past.

Available-for-sale assets are non-derivative financial assets which are designated as available for sale or are not classified as any of financial asset categories.

Under this category the Group recognises investments not held to maturity. Those assets are indicated in the balance sheet as "the other financial assets".

Available-for-sale financial assets are measured at fair value. Revaluation profits and losses are recognised as the other comprehensive income and are accumulated in the available-for-sale financial asset revaluation capital, excluding impairment losses and exchange rate differences on cash which are recognised in the financial result. The financial result also includes interest, which would have been recognised when measuring those financial assets at amortised cost using the effective interest rate method.

Impairment loss reversal concerning financial assets available for sale is recognised in the other comprehensive income, except for revaluation write-offs to debt securities, the reversal of which is recognised in the financial result, if an increase of the instrument value can be objectively linked with an event occurring after the impairment loss has been recognised.

At the moment an asset is eliminated from the balance sheet, accumulated profits and losses, previously recognised in other comprehensive income are transferred from equity to the financial result and are presented in the other comprehensive income as reclassification due to transferring to the financial result.

<u>Financial liabilities</u>
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 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 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. They are classified as short-term liabilities.

Revenues from sales

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). 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 services

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.

Net earnings per share

Net earnings per share for each period are calculated by dividing net profit for a given period by the weighted average number of shares.

<u>Significant values based on professional judgement and estimates</u>
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.

a) periods of economic useful life of fixed assets
The Management Board of the parent company verifies annually 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.

b) provisions for maintenance of and servers
The Management Board of the parent company assesses the cost related to maintenance of servers related to the sold accesses to the offered software. This provision is presented as liability.

c) 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.

d) 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 (see the section on impairment loss of non-financial assets). 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 adjustments in the value of the assets of the Group.

e) Functional currency and the presentation currency
The functional currency of the parent Company as well as the presentation currency of the consolidated financial statement is the Polish zloty (PLN). In the Group there is an entity that has other currency than Polish zloty. The financial statement of this company comprised by the present financial statement was translated in accordance with IAS 21.

1. Intangible assets

Intangible assets in the reporting period from 01.04.2017 to 31.03.2018	Goodwill	Patents and licences	R&D expenses	Other intangible assets
Gross opening balance	**-**	**-**	**9 191 653**	**-**
Acquisition	-	-	-	-
Reclassification (from long-term prepayments and accruals)	-	-	4 520 476	-
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	**-**	**-**	**13 712 129**	**-**
Opening redemption balance	**-**	**-**	**3 132 767**	**-**
Amortisation increase for the period	-	-	2 116 470	-
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	**-**	**-**	**5 249 237**	**-**
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	**-**	**-**	**8 462 892**	**-**

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.
The intangible asset evidence also includes, among other things, R&D investments related to the Chat.io application with the value of 463.453,02 PLN.
The investments on this application are also covered by the investments in the course of implementation (the other, active, long-term prepayments) with the value of 350.151,33 PLN.

The application was completed in the first version and offered to marketing, therefore it was acknowledged that the works had been completed with a positive result and entered into the evidence of intangible assets.

Chat.io was approached by the company as a starting point for works on a new version of the company's chief product- LiveChat. The freedom of implementation of new solutions in Chat.io as well as the fewer clients involved in the use of these solutions, made it possible for the Company to improve the technology applied to its main product. Chait.io made it possible to eliminate the risk of incorporating material changes into the main product as well as it was reported that the changes were positively addressed by customers. The tests performed and the iteration following the changes led to the creation of a version, which from the very start has brought the most benefits to LiveChat customers.

Owing to the above, the Company expects, that the investments made on Chat.io will be returned by the increased functionality and the resulted revenues from the sale of LiveChat application.
In the opinion of the Board there was no loss in the value of the investments made on R&D.

2. Tangible assets

Tangible assets	As at 31.03.2018	As at 31.03.2017
Land	-	-
Right to perpetual usufruct	-	-
Buildings and structures	-	-
Machinery and equipment	833 118	572 413
Vehicles	-	-
Other fixed assets	-	-
Fixed assets in the course of construction	397 673	-
Advances for fixed assets	-	-
TOTAL FIXED ASSETS:	**1 230 790**	**572 413**

The most important element of machinery and equipment are computers, as well as an investment in a third party's fixed asset – a new registered office of the Company. All the presented fixed assets are owned by the Group and are not subject to leasing.

Tangible fixed assets in the reporting period from 01.04.2017 to 31.03.2018	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	**-**	**-**	**-**	**1 219 808**	**-**	**-**	**-**
Carried from fixed assets under construction	-	-	-	-	-	-	-
Direct acquisition	-	-	-	613 484	-	-	397 672
Reclassification	-	-	-	-	-	-	-
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	**-**	**-**	**-**	**1 833 292**	**-**	**-**	**397 672**
Opening redemption balance	**-**	**-**	**-**	**647 394**	**-**	**-**	**-**
Amortisation increase for the period	-	-	-	352 780	-	-	-

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 redemption closing balance	**-**	**-**	**-**	**1 000 174**	**-**	**-**	**-**
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	**-**	**-**	**-**	**833 118**	**-**	**-**	**397 672**

At the end of the period ended on March 31st, 2018 as well as at the end of the period ended on March 31st, 2017 there were no significant liabilities due to a purchase of tangible fixed assets nor any security on the Group's tangible assets.

3. Other fixed assets

Other fixed assets are mainly composed of expenses of uncompleted R & D, deferred tax assets and of the cost of sublicences.

4. 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	31.03.2018			31.03.2017		
	Value	Revaluation write-off	Balance sheet value	Value	Revaluation write-off	Balance sheet value
Trade receivables	577 720	-	577 720	476 027	-	476 027
Receivables due to the current income tax		-	-	-	-	-
Other receivables	6 334 169	-	6 334 169	4 033 751	-	4 033 751
- including VAT	6 046 451	-	6 046 451	3 841 435	-	3 841 435
TOTAL RECEIVABLES:	**6 911 888**	**-**	**6 911 888**	**4 509 778**	**-**	**4 509 778**

Receivables as at 31.03.2018 (gross– overdue structure after a revaluation write-off	Current	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months	Over a year	total
Trade receivables	577 720	-	-	-	-	-	577 720
Receivables due to the current income tax		-	-	-	-	-	-
Receivables due to the other taxes, customs, and social insurance	4 945 537	-	-	-	-	-	4 945 537
Other receivables	1 388 632	-	-	-	-	-	1 388 632
Total	**6 911 888**	**-**	**-**	**-**	**-**	**-**	**6 911 888**

As of March 31st, 2018 the company did not possess any overdue receivables.

5. Cash and its equivalents

Cash in bank bears the interest according to a variable interest rate. Short-term deposits are made for various periods depending on the current needs of the Group for cash and bear interest as fixed for them. The fair value of cash and cash equivalents equals its balance sheet value.

Cash	As at	As at
	31.03.2018	**31.03.2017**
Cash in hand	-	-
Cash on bank accounts	29 732 904	34 575 499
Other cash and its equivalents	400 902	174 065
TOTAL CASH:	**30 133 807**	**34 749 564**

Cash comprises cash in hand and on bank accounts. They are shown in their nominal value. 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. Inflows of cash and cash equivalents onto bank accounts during a year is evaluated according to the rates of the National Bank of Poland and the valuation of the outflows is based on FIFO method.

Cash- currency structure	As at	As at
	31.03.2018	**31.03.2017**
Cash in PLN	25 995 571	11 108 599
Cash in USD	4 138 236	23 640 964
Cash in EUR	-	-
TOTAL CASH:	**30 133 807**	**34 749 563**

6. Prepayments and accruals

Short-term prepayments and accruals	As at	As at
	31.03.2018	**31.03.2017**
- annual fees (domains, licences)	**129 478**	**0,00**
-other	**29 708**	**211 282**
SHORT-TERM PREPAYMENTS AND ACCRUALS:	**159 186**	**211 282**

7. Equity

7.1 Share capital

Equity	Number of issued shares as at	Number of issued shares as at
	31.03.2018	**31.03.2017**
Series A	25 000 000	25 000 000
Series B	750 000	750 000
Total:	**25 750 000**	**25 750 000**

	31.03.2017	**31.03.2018**	**18.06.2018**
Copernicus Capital TFI	9,47%	n.a	n.s.
Nationale-Nederlanden PTE	**5,53%**	**5,53%**	**5,53%**
Shareholders' Agreement including above 5 % of the Company's equity	**46,99%**	**47,10%**	**4 47,10%**
Mariusz Ciepły	*15,53%*	*15,57%*	*15,57%*
Maciej Jarzębowski	*11,65%*	*11,69%*	*11,69%*
Jakub Sitarz	*11,65%*	*11,69%*	*11,69%*
Others	**38,01%**	**47,36%**	**47,36%**
Shares in public trading	100%	100%	100%
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 2 495 833 PLN shall be allocated to the company’s supplementary capital.

7.2 Supplementary capital

Supplementary capital was formed when the parent company retained a part of its profits from previous years.

7.3 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.

7.4 Dividends

By virtue of the resolution no 6 of the Annual Shareholders' Meeting of July 17th, 2017 the net profit of the parent company for the business year 2016/2017 was intended for:
- payment of dividends – 36.307.500,00 PLN
- increase of the supplementary capital – 6.417.223,86 PLN.

By virtue of the resolution of the Management Board no 1/12/2017 of December 20th,2017 the Company made the 2017/2018 dividend prepayment of 11.330.000,00 PLN.

8. Trade and other liabilities

Trade and other short-term liabilities	As at 31.03.2018	As at 31.03.2017
Trade liabilities	2 807 249	2 230 794
Taxes	602 346	648 242
Payroll	-	-
Other taxation, custom duties and social insurance	-	-
Accruals and other liabilities	-	4 983
TOTAL SHORT-TERM LIABILITIES:	**3 409 595**	**2 884 019**

Liabilities as at 31.03.2018 – age structure	Current	Up to 1 month	From 1 to 3 months	From 3 to 6 months	Over a year	Total
Trade liabilities	2 807 249	2 807 249	-	-	-	2 807 249
Due to current income tax	602 346	602 346	-	-	-	602 346
Payroll	-		-	-	-	-
Other taxation, custom duties and social insurance	-	-	-	-	-	-
Accruals and other liabilities	-	-	-	-	-	-
Total	**3 409 595**	**3 409 595**	-	-	-	**3 409 595**

Trade liabilities as at March 31st, 2018 comprise provision for assessment of the cost of maintenance of the necessary servers that amounts to 1.652.300 PLN (in the previous year the figure was 1.388.275 PLN).

Liabilities – currency structure	31.03.2018		31.03.2017	
	in foreign currencies	in PLN after translation	in foreign currencies	in PLN after translation
PLN	3 409 595	3 409 595	2 884 019	2 884 019
EUR	0	0	0	0
USD	0	0	0	0
	0	0	0	0
Total	**X**	**3 409 595**	**X**	**2 884 019**

9. Revenues from sales

Sales revenues (continued activity)	For period ended	For period ended
	31.03.2018	31.03.2017
Revenues from sales of products	-	-
Revenues from sales of services	89 425 925	76 254 434
Revenues from sales of goods	-	-
Revenues from sales of materials	-	-
TOTAL SALES REVENUES	**89 425 925**	**76 254434**

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

Over 97% of the consolidated revenues from sales is generated by the Company through LiveChat Inc. in USA.

10. Operating expenses

Cost by nature	For period ended	For period ended
	31.03.2018	31.03.2017
Amortisation	2 469 250	1 693 200
Energy and materials used	506 809	209 028
External services	20 891 501	17 091 839
Taxes and charges	7 292	993
Cost of employee benefits	982 529	1 375 848
Other cost by nature	2 777 291	2 551 841
Value of materials and goods sold	-	-
Exchange differences related to the operating activity	441 902	-
TOTAL COST BY NATURE	**28 076 574**	**22 922 749**
Adjustments:		
Change of inventory	-	-
Own cost of sales	14 350 061	11 748 601
Cost of sales	7 193 397	6 859 405
Administrative expenses	6 533 116	4 314 743
TOTAL OPERATING EXPENSES	**28 076 574**	**22 922 749**

11. Other operating income

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

12. Financial income

Financial income	For period ended	For period ended
	31.03.2018	31.03.2017
Interest	131 767	125 481

Surplus of exchange gains over exchange losses	-	-
Profit from sale of shares, stocks and other securities	-	-
Dividend received	-	-
Release of financial assets write-offs	-	-
Other	-	-
TOTAL FINANCIAL INCOME	**131 767**	**125 481**

13. Financial costs

Financial costs merely refer to exchange rate differences related to financial activity (exchange rate differences on currency valuation).

14. Financial instruments

Financial instruments by category	As at 31.03.2018		As at 31.03.2017	
	Book value	Fair value	Book value	Fair value
Financial assets	**37 045 695**	**37 045 695**	**39 259 342**	**39 259 342**
Assets measured at fair value through profit and loss statement	-	-	-	-
Shares in subsidiaries measured at acquisition cost	-	-	-	-
Loans and own receivables measured at amortised cost	-	-	-	-
Own receivables measured at the nominal value	6 911 888	6 911 888	4 509 778	4 509 778
Assets held to maturity	-	-	-	-
Available-for-sale assets	-	-	-	-
Money	30 133 807	30 133 807	34 749 564	34 749 564
Financial liabilities	**3 409 595**	**3 409 595**	**2 884 019**	**2 884 019**
Liabilities measured at fair value through profit and loss statement	-	-	-	-
Liabilities measured at amortised cost	-	-	-	-
Liabilities at the nominal value	3 409 595	3 409 595	2 884 019	2 884 019
Financial guarantee agreements	-	-	-	-
Other financial liabilities	-	-	-	-

15. Deferred income tax

Deferred income tax – from 01.04.2017 do 30.09.2018	As of 31.03.2017	Recognized in the result 01.04.2017 - 31.03.2018	Other 01.04.2017 - 31.03.2018	As of 31.03.2018
Assets due to deferred income tax				
Exchange rate profit or loss - cash	44 380	(44 380)	-	-
Provisions for maintenance of IT infrastructure	259 592	49 405	-	308 997
Provision for non-invoiced liabilities	4 180	760	-	4 940
TOTAL ASSETS DUE TO DEFERRED INCOME TAX:	**308 152**	**5 785**	**-**	**313 937**
TOTAL PROVISION FOR DEFERRED INCOME TAX:	**-**	**-**	**-**	**-**

16. Current income tax

Income tax – explanation of the difference between the tax measured according to the rate in force and the tax presented	For period ended	For period ended
	31.03.2018	31.03.2017
PROFIT BEFORE TAX	**59 979 636**	**53 276 157**
Income tax according to the rate in force in the period (19%)	(11 396 131)	(10 122 470)
Previous years' income tax recognised in the current reporting period	-	-
Tax on fixed differences between the balance sheet profit and the taxable base	**(362 620)**	**(561 275)**
Related to revenues (+)	-	-
Related to expenses(-)	-	-
Fixed costs excluded from the taxable base (NKUP):	(362 620)	(561 275)
Tax on temporary differences not taken into account when calculating deferred income tax	**84 240**	**132 311**
Related to revenues (+)	-	-
Exchange rate differences	44 379	-
Related to expenses (-)	-	-
Increase in the provision for IT	49 405	86 977
Exchange rate differences	-	44 379
Other	(9 544)	955
Income tax indicated in the financial statement	**(11 674 511)**	**(10 551 434)**

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

Total amount of short-term employee benefits for the members of the Management Board was (gross amount) :

Name and surname	2017/2018	2016/2017
Mariusz Ciepły	216.000	216.000
Urszula Jarzębowska	144.000	144.000
Total	360.000	360.000

Members of the Management Board did not receive any other remuneration nor have any entitlement thereto.

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 March 31st, 2018 the company has receivables due to advance payments amounting to:
- Mariusz Ciepły – 128 716,60 PLN
- Urszula Jarzębowska – 66 471,62 PLN

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

As at the balance sheet day the Company does not have any contingent items or off-balance sheet items.

Tax settlements

Tax settlements and other fields subject to regulations (for example, foreign currency issues) can be audited by administrative bodies which are authorised to impose significant penalties and sanctions. The fact that there is no reference to fixed regulations in Poland leads to the occurrence of ambiguity and confusion. Often there are differences in opinion as far as interpretation of tax regulations is concerned, related to internal government bodies as well as the ones existing between governmental entities and enterprises, giving rise to conflicts and uncertainty. Such circumstances cause that tax risk in Poland is much higher than in other countries with a better developed tax systems.
Tax settlements can be subjected to control and auditing by tax authorities. As a result of an audit made the tax settlement of the Group so far can be increased by additional tax liabilities. In the opinion of the Group as at March 31st, 2018 its tax liabilities were settled correctly.

19. Employment

The Group does not employ employees, it only liaises with economic entities on civil-law contract basis. The number of people the Company liaises with as of the day of drawing up the present statement was 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, 2017 until March 31st, 2018 there were no major events of non-typical character having an impact on the financial results generated by the Group.

21. Transactions with related parties

Consolidated entities	Receivables	Liabilities	Sales	Purchase
LiveChat, Inc	1 338 468	0	89 034 091	16 048 110

The company did not make any transactions with related parties upon other than market conditions. Transactions with the key personnel are shown in note 17.

22. Remuneration of an auditor

	2017/18	2016/17
- auditing a separate financial statement	20.000PLN	17.000PLN
- auditing a consolidated financial statement	6.000PLLN	5.000PLN
- review of an interim financial statement	19.000PLN	14.000PLN
-Voluntary half-year audit	12.000 PLN	0 PLN
Total	57.000PLN	36.000PLN

23. Cyclicality and seasonality of the activities run

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

24. 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.

24.1 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.

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.

24. 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.

24.3 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.

24.4 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.

24.5 Risk related to liquidity

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

25. Events after the balance sheet date

did not occur

Wrocław, June 18th, 2018

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