**Interim condensed financial statement of LIVECHAT Software SA**

for the period from April 1st, 2017 until September 30th, 2017

drawn up in accordance with the Accounting Act

Wrocław, November 28th, 2017.

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STATEMENT OF THE BOARD

According to the requirements defined in art.52, section 2 in the Act of September 29th, 1994 on accounting (Journal of Law 2016, i. 1047 as amended), the Management Board of LIVECHAT Software SA presents the financial statement for the period of six months ending on September 30th, 2017 consisting of:

1) introduction to the interim condensed financial statement,

2) balance sheet made on September 30th, 2017 which presents the total balance of assets, equity and liabilities in the amount of 33 454 560,33 PLN;

3) profit and loss statement for the period from April 1st, 2017 until September 30th, 2017 presenting the net profit of 22 981 285,18 PLN;

4) a list of changes in the equity for the period from April 1st, 2017 until September 30th, 2017 presenting a decrease in equity by the amount of 13 326 214,82 PLN;

5) cash flow statement for the period from April 1st, 2017 until September 30th, 2017 presenting a decrease in the net cash amount by 15 752 281,28 PLN

6) further information and explanatory notes.

The Board declares that to the best of their knowledge the present financial statement was prepared in compliance with the rules of accounting in force, the presented data illustrates in a reliable, clear and true manner the financial standing of the Company and its financial results.

Wrocław, November 28th , 2017

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Management Board

INTRODUCTION TO THE INTERIM CONDENSED FINANCIAL STATEMENT AND COMPARABLE FINANCIAL DATA

1. THE SELECTED FINANCIAL FIGURES

|  |  |  |
| --- | --- | --- |
|  | **In thousand PLN** | **In thousand EUR** |
| **SELECTED FINANCIAL FIGURES**  | **September 30th,2017** | **September 30th,2016** | **September 30th,2017** | **September 30th,2016** |
| I. Net revenues from sales of products, goods and materials | 43 614  | 34 459  | 10 293  | 7 876  |
| II. Profit (loss) on operational activity  | 30 209  | 23 258  | 7 129  | 5 316  |
| III. Gross profit (Loss) | 28 565  | 23 417  | 6 741  | 5 352  |
| IV. Net profit (Loss) | 22 981  | 18 742  | 5 424  | 4 284  |
| V. Net cash flow from operating activities | 22 834  | 16 973  | 5 389  | 3 879  |
| VI. Net cash flow from investing activities | (2 279) | (1 659) | (538) | (379) |
| VII. Net cash flow from financial activities | (36 308) | (27 810) | (8 569) | (6 356) |
| VIII. Net cash flow total | (15 752) | (12 497) | (3 718) | (2 856) |
| IX. Total assets | 33 455  | 22 632  | 7 834  | 5 249  |
| X. Liabilities and provision for liabilities | 2 647  | 2 481  | 620  | 575  |
| XI. Long-term liabilities | - | - | - | - |
| XII. Short-term liabilities | 2 647  | 2 481  | 620  | 575  |
| XIII. Equity | 30 807  | 20 151  | 7 215  | 4 673  |
| XIV. Share capital | 515  | 515  | 121  | 119  |
| 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)  | 0,89 | 0,73 | 0,21 | 0,17 |
| XVII. Diluted earnigs per single ordinary share ( in PLN/ EUR)  | 0,89 | 0,73 | 0,21 | 0,17 |
| XVIII. Net book value per single share ( in PLN/ EUR)  | 1,20 | 0,78 | 0,28 | 0,18 |
| XIX. Diluted book value per single share( in PLN/ EUR)  | 1,20 | 0,78 | 0,28 | 0,18 |
| XX. Declared or paid dividend per single share ( in PLN/ EUR)  | 1,41 | 1,08 | 0,33 | 0,25 |

2. EURO TO POLISH ZLOTY EXCHANGE RATE

|  |  |  |
| --- | --- | --- |
|  | September 30th,2017 | September 30th,2016 |
| The average rate of the National Bank of Poland as at September 30th 2017 and September 30th, 2016 | 0,2342 | 0,2319 |
| The average rate for the period | 0,2360 | 0,2286 |
| The lowest rate for the period  | 0,2376 | 0,2319 |
| The highest rate for the period | 0,2330 | 0,2260 |

3. COMPANY, LEGAL STATUS AND SCOPE OF THE ACTIVITIES RUN

 Company details:

**Name**: LIVECHAT Software SA

**Head office**: Al. Dębowa 3, 53-134 Wrocław

**Basic economic activity**: 62.01.Z – Activity related to software

**Registering authority**: Regional Court of Wrocław – Fabryczna in Wrocław, VI Economic Division of the National Court Register

**KRS no:** 0000290756

Sector: IT

4. COMPANY DURATION

The Company duration according to its By-laws is unlimited.

5. PERIOD COVERED BY THE FINANCIAL STATEMENT

The Financial statement presents data for the period of from April 1st, 2017 until September 30th, 2017.

6. COMPANY BODIES

The Company's Management Board as of September 30th, 2017 is composed of the following persons and has not changed as of the date of approval of the present statement:

Mariusz Ciepły – President of the Board

Urszula Jarzębowska – member of the Board

The Company's Supervisory Board as of September 30th, 2017 is composed of the following persons:

Maciej Jarzębowski - President of the Board

Andrzej Różycki - Deputy President of the Board

Marta Ciepła - member of the Board

Marcin Mańdziak - member of the Board

Jakub Sitarz - member of the Board

On November 15th, 2017 Andrzej Różycki resigned from the function of a member of the Supervisory Board.

7. INTERNAL ORGANIZATIONAL UNITS IN THE COMPANY'S STRUCTURE THAT PREPARE FINANCIAL STATEMENTS INDEPENDENTLY

In the Company's structure there are no internal organizational units that draw up financial statements.

8. INFORMATION ON COMPANIES FOR WHICH LIVECHAT Software SA IS THE PARENT COMPANY OR A KEY INVESTOR. INFORMATION ABOUT A MERGER DURING THE REPORTING PERIOD.

LIVECHAT Software Joint Stock is a parent company in the Capital Group, which draws up and publishes consolidated financial statements according to the International Standards of Financial Reporting accepted for use in EU.

LIVECHAT Software SA is a parent company of LiveChat Inc. – it holds 100% of its shares.

During the reporting period the Company did not merge with another company.

9. INFORMATION ON ASSUMPTIONS ACCEPTED WHEN DRAWING UP THE FINANCIAL STATEMENT AND KNOWN CIRCUMSTANCES INDICATING THAT THERE IS A THREAT TO THE COMPANY'S BUSINESS CONTINUATION

The financial statement was drawn up following the assumption that the Company will be able to continue its business activity in the foreseeable future. There are no circumstances known indicating that the continuation of the Company's business activity might be threatened.

10. PRESENTATION AND TRANSFORMATION OF FINANCIAL STATEMENTS

During the business period the Company did not change the principles of accounting nor did it transform its financial statements.

11. ACCOUNTING RULES (POLICY) INCLUDING METHODS OF EVALUATING ASSETS AND LIABILITIES (INCLUDING DEPRECIATION AND AMORTISATION), MEASURING FINANCIAL RESULT AND METHODS OF DRAWING UP A FINANCIAL STATEMENT TO THE EXTENT THE ACCOUNTING ACT LEAVES THE COMPANY FREE TO CHOOSE

Accounting rules accepted for drawing up the financial statement as of June 30th, 2017 comply with the Accounting Act of September 29th, 1994 as amended and with the Regulation of the Minister of Finance of October 18th, 2005 concerning range of information furnished in financial statements and consolidated financial statements, required by the prospectus for issuers based in the territory of the Republic of Poland, for which the Polish rules of accounting are relevant and in accordance with the Regulation of the Minister of Finance of February 19th, 2009 concerning current and periodical reporting by issuers of securities and with the conditions under which the legally required information originating in a non-member state can be deemed equivalent thereof.

Book entries are made according to the rule of historical cost. The Company did not make any corrections that would illustrate the effect of inflation on particular items in the balance sheet and the profit and loss statement.

The Company draws up profit and loss statement with by-function classification.

Cash flow statement is made following an indirect method.

The rules of evaluating assets and liabilities as well as of measuring the financial result are the following:

Intangible assets are the R& D expenses related to computer software. Intangible assets are evaluated according to their purchase price/ acquisition cost. In the balance sheet their presented price is lowered by depreciation by applying a linear method throughout the whole period of their useful economic life. Annual depreciation rates applied by the Company are as follows:

- R&D expenses – 20-30%.

Tangible fixed assets are tangible assets evaluated according to their purchase price/ acquisition cost. Fixed assets depreciation write-offs are made following the linear method. Depreciation rates were fixed by taking into account useful economic life of fixed assets and illustrate the real wear and tear of fixed assets. The annual depreciation rates applied by the Company are as follows:

- computers – 30%.

As of the balance sheet day the Company makes a review of the fixed assets net value in order to find out whether there are any signs that the fixed assets might lose their value. If such signs are found, a recovery value of a particular asset is assessed in order to determine a possible write-off thereof.

Assets and liabilities are entered into the Company's balance sheet at the moment the Company enters into a binding contract.

The PLN value of receivables is determined when they become due. According to the provision in the accounting policy the Company on the balance day does not calculate interest for a delay in payment of overdue receivables. The Company makes write-offs to receivables from contracting parties that delay in payment of their dues on the balance day, provided their economic and financial standing shows that payment of the money due is not possible in the nearest future. The write-offs are charged to the other operating expenses. In the balance sheet receivables are entered at their net value, that is lowered by write-offs to receivables. Receivables in foreign currencies are calculated into PLN at the moment they become due according to the average rate of the National Bank of Poland on the day preceding the day on which the receivables become due. On the balance sheet day receivables in foreign currencies are evaluated according to the average rate for a particular currency fixed by the National Bank of Poland on that day.

Cash/funds cover money in cash 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 on that day. Bank account cash inflows throughout a year are evaluated according to the rates of NBP, whereas the outflows by FIFO.

Accruals cover costs of undergoing and uncompleted R&D expenses as well as the assets due to deferred income tax. Accrued expenses form strictly marked allowances accepted by the Company that are still not payables . Deferred income is composed of received or due funds from contracting parties for future liabilities/ payments.

The Company creates reserves or assets due to deferred income tax as a result of the occurrence of temporary differences between the value of assets and liabilities shown in the accounting books and their tax value.

The Company's equity is composed of the capital created in accordance with the regulations in force and the Company's By-laws. Initial capital/ share capital is shown at its nominal value in accordance with the Company's By-laws and the entry into the National Court Register.

Liabilities are recognized at their nominal value. Liabilities in foreign currencies are recalculated into PLN at the moment they become due according to to the rate of the National Bank of Poland on the day preceding the day on which the liabilities become due. On the balance sheet day liabilities in foreign currencies are evaluated according to the average rate for a particular currency fixed by the National Bank of Poland on that day.

Revenues from sales of goods and services form an amount due thereof from a receiver lowered by a respective VAT due.

Costs of products and services sold are recognized proportionally to revenues from sales and cover the value of the products (services) sold and other items evaluated at the production cost or a purchase price.

Other operating revenues and expenses are not directly related to the Company's activities. They comprise revenues from sales of fixed assets, reserve release, inventory surplus, etc. The other operating expenses include the value of tangible assets sold and liquidated, costs of created reserves, donations granted, write-offs to receivables and other.

Financial revenues cover interest on cash on bank accounts falling due in the reporting period as well as exchange rate gains. Financial expenses cover interest on loans granted, paid commission and exchange rate losses on foreign currency transactions. In the profit and loss account exchange rate differences are presented per account balance.

The obligatory charge on the financial result is corporate tax in the amount of 19% of gross profit adjusted for non-taxable revenues as well as for costs that are not costs of earning income adjusted for the change in reserve inventory and deferred income tax assets.

When drawing up its financial statement the Company follows the accounting rules and methods defined in the Accounting Act ( uniform text : Journal of Law 2016, i. 1047 as amended). The Company identified areas with differences between the present financial statement drawn up in accordance with the Polish rules of accounting and the financial statement which would be drawn up in accordance with the International Standards of Financial Reporting adopted by the European Union ( hereinafter referred to as MSSF) and the effect those differences might have on the assets net value and the financial result. For this purpose the Management Board of Livechat Software Joint Stock Company used the best knowledge of expected standards and interpreting as well as of rules of accounting, that would be used when drawing up the statement in accordance with MSSF. The analysis made leads to the conclusion that there are no differences that might affect the net assets value and the financial result of the Company.

As compared with preparing statements for earlier periods, there have been no changes in the procedures of making the present financial statement.

Wrocław, November 28th, 2017.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

INTERIM CONDENSED FINANCIAL STATEMENT

BALANCE SHEET (in PLN)

|  |  |  |  |
| --- | --- | --- | --- |
| **I.** | **Balance sheet – ASSETS** | **Note** | ***As of:*** |
| **30.09.2017** | **31.03.2017** | **30.09.2016** |
| 1 |  |   | 4 |  |  |
|   | **Assets** |  |  |  |
| **A.** | **Fixed assets** |  | **9 246 792,29**  | **8 063 556,65**  | **6 948 765,35**  |
| **I** | **Intangible assets** | **1** | **7 048 980,36**  | **6 058 885,19**  | **4 778 735,05**  |
| 1 | R & D expenses |   | 7 048 980,36  | 6 058 885,19  | 4 778 735,05  |
| 2 | Goodwill |   | 0,00  | 0,00  | 0,00  |
| 3 | Other intangible assets |   | 0,00  | 0,00  | 0,00  |
| 4 | Advances for intangible assets |   | 0,00  | 0,00  | 0,00  |
| **II** | **Tangible assets, including:** | **2** | **655 311,76**  | **572 413,40**  | **574 239,57**  |
| 1 | Fixed assets in use |   | 655 311,76  | 572 413,40  | 574 239,57  |
| a) | Land (including right to perpetual usufruct) |   | 0,00  | 0,00  | 0,00  |
| b) | Buildings, premises, civil and water engineering structures |   | 0,00  | 0,00  | 0,00  |
| c) | Technical equipment and machines |   | 655 311,76  | 572 413,40  | 574 239,57  |
| d) | Vehicles |   | 0,00  | 0,00  | 0,00  |
| e) | Other tangible fixed assets |   | 0,00  | 0,00  | 0,00  |
| 2 | Tangible fixed assets under construction |   | 0,00  | 0,00  | 0,00  |
| 3 | Advances for tangible fixed assets under construction |   | 0,00  | 0,00  | 0,00  |
| **III** | **Long-term receivables** | **3** | **40 090,00**  | **40 090,00**  | **40 000,00**  |
| 1 | From related parties |   | 0,00  | 0,00  | 0,00  |
| 2 | From other parties where the company has a share in the capital |  | 0,00  | 0,00  | 0,00  |
| 3 | From other entities |   | 40 090,00  | 40 090,00  | 40 000,00  |
| **IV** | **Long-term investments** | **4** | **1 656,46**  | **1 656,46**  | **1 656,46**  |
| 1 | Real property |   | 0,00  | 0,00  | 0,00  |
| 2 | Intangible assets |   | 0,00  | 0,00  | 0,00  |
| 3 | Long-term financial assets |   | 1 656,46  | 1 656,46  | 1 656,46  |
| a) | In related parties: |   | 1 656,46  | 1 656,46  | 1 656,46  |
|   | Shares |   | 1 656,46  | 1 656,46  | 1 656,46  |
|   | Other securities |   | 0,00  | 0,00  | 0,00  |
|   | Loans granted |   | 0,00  | 0,00  | 0,00  |
|   | Other long-term financial assets |   | 0,00  | 0,00  | 0,00  |
| b) | In other entities where the company has a share in the capital: |   | 0,00  | 0,00  | 0,00  |
|  | Shares |  | 0,00  | 0,00  | 0,00  |
|  | Other securities |  | 0,00  | 0,00  | 0,00  |
|  | Loans granted |  | 0,00  | 0,00  | 0,00  |
|  | Other long-term financial assets |  | 0,00  | 0,00  | 0,00  |
| c) | In other parties: |  | 0,00  | 0,00  | 0,00  |
|  | Shares |  | 0,00  | 0,00  | 0,00  |
|  | Other securities |  | 0,00  | 0,00  | 0,00  |
|  | Loans granted |  | 0,00  | 0,00  | 0,00  |
|  | Other long-term financial assets |  | 0,00  | 0,00  | 0,00  |
| 4 | Other long-term investments |   | 0,00  | 0,00  | 0,00  |
| **V** | **Long-term prepayments** | **5** | **1 500 753,71**  | **1 390 511,60**  | **1 554 044,27**  |
| 1 | Deferred tax assets |   | 293 763,89  | 308 151,53  | 249 320,21  |
| 2 | Other prepayments |   | 1 206 989,82  | 1 082 360,07  | 1 304 724,06  |
| **B.** | **Current assets** |  | **24 207 768,04**  | **38 752 747,23**  | **15 683 257,85**  |
| **I** | **Inventory** | **6** | **33 015,42**  | **12 236,83**  | **107 269,57**  |
| 1 | Materials |   | 0,00  | 0,00  | 0,00  |
| 2 | Semi-finished products and work in progress |   | 0,00  | 0,00  | 0,00  |
| 3 | Finished products |   | 0,00  | 0,00  | 0,00  |
| 4 | Goods |   | 0,00  | 0,00  | 0,00  |
| 5 | Advances for deliveries |   | 33 015,42  | 12 236,83  | 107 269,57  |
| **II** | **Short-term receivables** | **7** | **5 950 605,15**  | **4 965 479,31**  | **5 216 366,74**  |
| 1 | Receivables from related parties |   | 677 463,32  | 874 608,00  | 1 808 127,40  |
| a) | Trade receivables, maturing: |   | 677 463,32  | 874 608,00  | 1 808 127,40  |
|   | Up to 12 months |   | 677 463,32  | 874 608,00  | 1 808 127,40  |
|   | Above 12 months |   | 0,00  | 0,00  | 0,00  |
| b) | Other |   | 0,00  | 0,00  | 0,00  |
| 2 | Receivables from other entities with which the company is related in terms of capital |   | 0,00  | 0,00  | 0,00  |
| a) | Trade receivables, maturing: |   | 0,00  | 0,00  | 0,00  |
|   | Up to 12 months |   | 0,00  | 0,00  | 0,00  |
|  | Above 12 months |   | 0,00  | 0,00  | 0,00  |
| b)  | Other |  | 0,00  | 0,00  | 0,00  |
| 3 | Receivables from other entities |   | 5 273 141,83  | 4 090 871,31  | 3 408 239,34  |
| a) | Trade receivables, maturing: |   | 85 961,61  | 69 356,65  | 125 805,62  |
|  | Up to 12 months |  | 85 961,61  | 69 356,65  | 125 805,62  |
|  | Above 12 months |  | 0,00  | 0,00  | 0,00  |
| b) | Receivables from taxes, subsidies, customs social insurance and other benefits |  | 4 989 916,06  | 3 841 435,11  | 3 090 658,24  |
| c) | Other  |  | 197 264,16  | 180 079,55  | 191 775,48  |
| d) | Claimed at court |   | 0,00  | 0,00  | 0,00  |
| **III** | **Short-term investments, including:** | **8** | **17 811 468,11**  | **33 563 749,39**  | **10 315 142,32**  |
| 1 | Short-term financial assets |   | 17 811 468,11  | 33 563 749,39  | 10 315 142,32  |
| a) | In related parties: |   | 0,00  | 0,00  | 0,00  |
|  | Shares |  | 0,00  | 0,00  | 0,00  |
|  | Other securities |  | 0,00  | 0,00  | 0,00  |
|  | Loans granted |  | 0,00  | 0,00  | 0,00  |
|  | Other short-term financial assets |  | 0,00  | 0,00  | 0,00  |
| b) | In other entities: |   | 0,00  | 0,00  | 0,00  |
|   | Shares |   | 0,00  | 0,00  | 0,00  |
|  | Other securities |  | 0,00  | 0,00  | 0,00  |
|   | Loans granted |   | 0,00  | 0,00  | 0,00  |
|   | Other short-term financial assets |   | 0,00  | 0,00  | 0,00  |
| c) | Cash and other pecuniary assets |   | 17 811 468,11  | 33 563 749,39  | 10 315 142,32  |
|   | Cash in hand and at bank |   | 17 811 468,11  | 33 563 749,39  | 10 315 142,32  |
|   | Other pecuniary assets |   | 0,00  | 0,00  | 0,00  |
|  | Other financial assets |  | 0,00  | 0,00  | 0,00  |
| 2 | Other short-term investments |   | 0,00  | 0,00  | 0,00  |
| **IV** | **Short-term prepayments** | **9** | **412 679,36**  | **211 281,70**  | **44 479,22**  |
| **C** | **Called-up share capital** |  | **0,00**  | **0,00**  | **0,00**  |
| **D** | **Own shares and stocks** |  | **0,00**  | **0,00**  | **0,00**  |
|   | **Total assets (A+B)** |  | **33 454 560,33**  | **46 816 303,88**  | **22 632 023,20**  |

|  |  |  |  |
| --- | --- | --- | --- |
| **I.** | **Balance sheet - LIABILITIES** | **Note** | ***As of:*** |
| **30.09.2017** | **31.03.2017** | **30.09.2016** |
| **A.** | **Equity** |  | **30 807 441,65**  | **44 133 656,47**  | **20 151 297,67**  |
| **I** | **Share capital**  | **11** | **515 000,00**  | **515 000,00**  | **515 000,00**  |
| **II** | **Supplementary capital, including:** | **12** | **7 311 156,47**  | **893 932,61**  | **893 932,61**  |
|  | A share premium |  | 0,00  | 0,00  | 0,00  |
| **III** | **Revaluation capital**  | **13** | **0,00**  | **0,00**  | **0,00**  |
|  | due to fair value revaluation |  | 0,00  | 0,00  | 0,00  |
| **IV** | **Other reserve capital** | **14** | **0,00**  | **0,00**  | **0,00**  |
|  | -created according to the Company's by-laws |  | 0,00  | 0,00  | 0,00  |
|  | -own shares and stocks |  | 0,00  | 0,00  | 0,00  |
| **V** | **Previous years profit (loss)** |  | **0,00**  | **0,00**  | **0,00**  |
| **VI** | **Net profit (loss)** |  | **22 981 285,18**  | **42 724 723,86**  | **18 742 365,06**  |
| **VII** | **Write-off on net profit during the financial year (-)** | **15** | **0,00**  | **0,00**  | **0,00**  |
| **B.** | **Liabilities and provisions for liabilities** |  | **2 647 118,68**  | **2 682 647,41**  | **2 480 725,53**  |
| **I** | **Provisions for liabilities** |  | **0,00**  | **0,00**  | **493,08**  |
| 1 | Provisions for deferred income tax  | 16 | 0,00  | 0,00  | 493,08  |
| 2 | Provisions for pension funds and similar benefits |  | 0,00  | 0,00  | 0,00  |
|  | Long-term | 17 | 0,00  | 0,00  | 0,00  |
|  | Short-term |  | 0,00  | 0,00  | 0,00  |
| 3 | Other provisions |   | 0,00  | 0,00  | 0,00  |
|  | Long-term | 18 | 0,00  | 0,00  | 0,00  |
|  | Short-term | 19 | 0,00  | 0,00  | 0,00  |
| **II** | **Long-term liabilities** | **20** | **0,00**  | **0,00**  | **0,00**  |
| 1 | To related parties |  | 0,00  | 0,00  | 0,00  |
| 2 | To related parties where the Company has a share in capital |  | 0,00  | 0,00  | 0,00  |
|  3 | To other entities |  | 0,00  | 0,00  | 0,00  |
| a) | Credits and loans |  | 0,00  | 0,00  | 0,00  |
|  b) | Arising from issuance of debt securities |  | 0,00  | 0,00  | 0,00  |
| c) | Other financial liabilities |  | 0,00  | 0,00  | 0,00  |
| d) | Bill of exchange liabilities |  | 0,00  | 0,00  | 0,00  |
|  e) | Other |  | 0,00  | 0,00  | 0,00  |
| **III** | **Short-term liabilities** | **21** | **1 081 049,27**  | **1 294 372,59**  | **1 183 047,94**  |
| 1 | To related parties |   | 0,00  | 0,00  | 0,00  |
| a) | Trade liabilities, maturing: |   | 0,00  | 0,00  | 0,00  |
|  | Up to 12 months |  | 0,00  | 0,00  | 0,00  |
|  | Above 12 months |  | 0,00  | 0,00  | 0,00  |
| b)  | Other |  | 0,00  | 0,00  | 0,00  |
| 2.  | To related parties where the Company has a share in capital |  | 0,00  | 0,00  | 0,00  |
| a) | Trade liabilities, maturing: |  | 0,00  | 0,00  | 0,00  |
|  | Up to 12 months |  | 0,00  | 0,00  | 0,00  |
|  | Above 12 months |  | 0,00  | 0,00  | 0,00  |
| b) | Other |   | 0,00  | 0,00  | 0,00  |
| 3 | To other entities |   | 1 081 049,27  | 1 294 372,59  | 1 183 047,94  |
| a) | Credits and loans |   | 0,00  | 0,00  | 0,00  |
| b) | Arising from issuance of debt securities |   | 0,00  | 0,00  | 0,00  |
| c) | Other financial liabilities |   | 0,00  | 0,00  | 0,00  |
| d) | Trade liabilities, maturing: |   | 1 056 409,81  | 641 147,84  | 586 039,85  |
|   | Up to 12 months |   | 1 056 409,81  | 641 147,84  | 586 039,85  |
|   | Above 12 months |   | 0,00  | 0,00  | 0,00  |
| e) | Received advances for deliveries |   | 0,00  | 0,00  | 0,00  |
| f) | Bill-of-exchange liabilities |   | 0,00  | 0,00  | 0,00  |
| g) | Tax, insurance, customs and other liabilities |   | 19 567,20  | 648 241,86  | 597 008,09  |
| h) | Payroll liabilities |   | 0,00  | 0,00  | 0,00  |
| i) | Other |   | 5 072,26  | 4 982,89  | 0,00  |
| 3 | Special funds |   | 0,00  | 0,00  | 0,00  |
| **IV** | **Accruals, including:** | **22** | **1 566 069,41**  | **1 388 274,82**  | **1 297 184,51**  |
| 1 | Negative goodwill |   | 0,00  | 0,00  | 0,00  |
| 2 | Other accruals |   | 1 566 069,41  | 1 388 274,82  | 1 297 184,51  |
|   | Long-term  |   | 0,00  | 0,00  | 0,00  |
|   | Short-term |   | 1 566 069,41  | 1 388 274,82  | 1 297 184,51  |
|   | **Total liabilities (A+B)** |  | **33 454 560,33**  | **46 816 303,88**  | **22 632 023,20**  |

Wrocław, November 28th, 2017.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

PROFIT AND LOSS STATEMENT ( by-function classification) ( in PLN)

|  |  |  |  |
| --- | --- | --- | --- |
| **Specification**  | **For 6 months ended on 30.09.2017** | **01.04.2016 - 31.03.2017** | **For 6 months ended** **on 30.09.2016** |
| **A. NET REVENUES FROM SALES OF PRODUCTS, GOODS** | 43 613 844,69  | 76 254 433,71  | 34 459 130,13  |
| - from related parties | 42 573 786,63 | 75 571 445,07  | 34 141 242,14  |
| I. Net revenues from sales of products | 43 613 844,69  | 76 254 433,71  | 34 459 130,13  |
| II. Net revenues from sales of goods and materials | 0,00  | 0,00  | 0,00  |
| **B.COST OF PRODUCTS, GOODS AND MATERIALS SOLD:** | 6 880 212,26  | 11 835 497,43  | 5 867 309,91  |
| -to related parties | 0,00  | 0,00  | 0,00  |
| I. manufacturing cost of products sold | 6 880 212,26 | 11 835 497,43 | 5 867 309,91 |
| II. value of goods and materials sold | 0,00  | 0,00  | 0,00  |
| **C. GROSS PROFIT (LOSS) ON SALES** | 36 733 632,43  | 64 418 936,28  | 28 591 820,22  |
| **D. SELLING COSTS** | 3 556 008,25 | 6 859 405,26 | 3 284 606,02 |
| **E. GENERAL AND ADMINISTRATIVE COSTS** | 2 971 436,31 | 4 314 743,35 | 2 055 085,12 |
| **F. PROFIT/LOSS ON SALES (C-D-E)** | 30 206 187,87  | 53 244 787,67  | 23 252 129,08  |
| **G. OTHER OPERATING REVENUES** | 6 000,00  | 19 089,30  | 6 007,80  |
| I. Gain on disposal of non-financial fixed assets | 0,00  | 0,00  | 0,00  |
| II. Subsidies | 0,00  | 0,00  | 0,00  |
| III. Revaluation of financial assets | 0,00  | 0,00  | 0,00  |
| IV. Other operating revenues | 6 000,00  | 19 089,30  | 6 007,80  |
| **H. OTHER OPERATING EXPENSES** | 3 223,05  | 1 202,32  | 0,01  |
| I. Loss on disposal of non-financial fixed assets | 0,00  | 0,00  | 0,00  |
| II. Revaluation of non-financial fixed assets | 0,00  | 0,00  | 0,00  |
| III. Other operating expenses | 3 223,05  | 1 202,32  | 0,01  |
| **I. PROFIT (LOSS) ON OPERATING ACTIVITIES (F+G-H)** | 30 208 964,82  | 53 262 674,65  | 23 258 136,87  |
| **J. FINANCIAL REVENUES** | 59 938,51  | 125 480,95  | 161 087,06  |
| I. Dividend and profit sharing, including: | 0,00  | 0,00  | 0,00  |
| a) from related parties, including | 0,00  | 0,00  | 0,00  |
| - where the Company has a share in capital | 0,00  | 0,00  | 0,00  |
| b) from other entities | 0,00  | 0,00  | 0,00  |
| II. Interest, including: | 59 938,51  | 125 480,95  | 101 431,14  |
| - from related parties | 0,00  | 0,00  | 0,00  |
| III. Gain on disposal of investments | 0,00  | 0,00  | 0,00  |
| - in related parties | 0,00  | 0,00  | 0,00  |
| IV. Revaluation of investments | 0,00  | 0,00  | 0,00  |
| V. Other | 0,00  | 0,00  | 59 655,92  |
| **K. FINANCIAL EXPENSES** | 1 704 292,51  | 111 998,32  | 2 343,16  |
| I. Interest, including: | 247,40  | 6 669,52  | 2 331,52  |
| - to related parties | 0,00  | 0,00  | 0,00  |
| II. Loss on disposal of investments | 0,00  | 0,00  | 0,00  |
| - in related parties | 0,00  | 0,00  | 0,00  |
| III. Revaluation of investments | 0,00  | 0,00  | 0,00  |
| IV. Other  | 1 704 045,11  | 105 328,80  | 11,64  |
| **L. PROFIT (LOSS) ON BUSINESS ACTIVITIES (I+J-K)** | 28 564 610,82  | 53 276 157,28  | 23 416 880,77  |
| **M. INCOME TAX** | 5 583 325,64 | 10 551 433,42 | 4 674 515,71 |
|  a) current part | 5 568 938,00  |  10 683 744,55 | 4 747 502,44  |
| b) deferred part | 14 387,64  |  -132 311,13 | -72 986,73  |
| **N. OTHER STATUTORY REDUCTIONS IN PROFIT** | 0,00  |  0,00 | 0,00  |
| **O. NET PROFIT (LOSS) (N-O-P)** | 22 981 285,18 | 42 724 723,86 | 18 742 365,06 |

Wrocław, November 28th, 2017.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

## List of changes in equity ( in PLN)

|  |  |  |  |
| --- | --- | --- | --- |
| **Changes in equity**  | **For 6 months ended on 30.09.2017** | **01.04.2016 - 31.03.2017** | **For 6 months ended** **on 30.09.2016** |
| **I. Opening balance of equity (BO)** | 44 133 656,47 | 29 218 932,61 | 29 218 932,61 |
| - adjustment of fundamental errors | 0,00 |  0,00 |  0,00 |
| - effects of changes in accounting principles | 0,00 |  0,00 | 0,00  |
| **I.a. Opening balance of equity after adjustments** | **44 133 656,47** | **29 218 932,61** | **29 218 932,61** |
| 1. Opening balance of share capital | 515 000,00 | 515 000,00 | 515 000,00 |
| 1.1 Changes in share capital | 0,00 | 0,00 | 0,00 |
|  1.2. Closing balance of share capital | 515 000,00 | 515 000,00 | 515 000,00 |
| 2. Opening balance of supplementary capital  | 893 932,61 | 787 907,26 | 787 907,26 |
| 2.1. Changes in supplementary capital | 6 417 223,86 | 106 025,35 | 106 025,35 |
| a) increase (due to) | 6 417 223,86 | 106 025,35 | 106 025,35 |
| - profit distribution (above the statutory minimum value) | 6 417 223,86 | 106 025,35 | 106 025,35 |
| b) decrease (due to) | 0,00 | 0,00 | 0,00 |
| 2.2. Closing balance of supplementary capital | 7 311 156,47 | 893 932,61 | 893 932,61 |
| 3. Opening balance of revaluation reserve | 0,00 | 0,00 | 0,00 |
| 3.1. Changes in revaluation reserve | 0,00 | 0,00 | 0,00 |
| 3.2. Closing balance of revaluation reserve | 0,00 | 0,00 | 0,00 |
| 4. Opening balance of other reserve capitals | 0,00 | 0,00 | 0,00 |
| 4.1. Changes in other reserve capitals | 0,00 | 0,00 | 0,00 |
| 4.2. Closing balance of other reserve capitals | 0,00 | 0,00 | 0,00 |
| 5. Opening balance of previous years' profit | 0,00 | 27 916 025,35 | 27 916 025,35 |
| 5.1. Opening balance of previous years' profit | 42 724 723,86 | 27 916 025,35 | 27 916 025,35 |
| 5.2. Opening balance of previous years' profit after adjustments | 42 724 723,86 | 27 916 025,35 | 27 916 025,35 |
| 5.3. Changes in previous years' profit | -42 724 723,86 | -27 916 025,35 | -27 916 025,35 |
| a) increase (due to) | 0,00 | 0,00 | 0,00 |
| b) decrease (due to) | 42 724 723,86 | 27 916 025,35 | 27 916 025,35 |
| - payment to shareholders | 36 307 500,00 | 27 810 000,00 | 27 810 000,00 |
| - allocation to reserve capital | 6 417 223,86 | 106 025,35 | 106 025,35 |
| 5.4. Closing balance of previous years' profit | 0,00 | 0,00 | 0,00 |
| 5.5. Opening balance of previous years' loss | 0,00 | 0,00 | 0,00 |
| 5.6. Opening balance of previous years' loss, after adjustments | 0,00 | 0,00 | 0,00 |
| 5.7. Changes in previous years' loss | 0,00 | 0,00 | 0,00 |
| 5.8. Closing balance of previous years' loss | 0,00 | 0,00 |   |
| 5.9. Closing balance of previous years' profit (loss) | 0,00 | 0,00 | 0,00 |
| 6. Net result | 22 981 285,18 | 42 724 723,86 | 18 742 365,06 |
| a) net profit | 22 981 285,18 | 42 724 723,86 | 18 742 365,06 |
| **II. Closing balance of equity**  | **30 807 441,65** | **44 133 656,47** | **20 151 297,67** |
| **III.Equity including proposed profit distribution (loss coverage)**  | 30 807 441,65 | 7 826 156,47 | 20 151 297,67 |

Wrocław, November 28th, 2017.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

## CASH FLOW STATEMENT ( in PLN)

|  |  |  |  |
| --- | --- | --- | --- |
| **Specification** | **For 6 months ended on 30.09.2017** | **01.04.2016 - 31.03.2017** | **For 6 months ended** **on 30.09.2016** |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** |  |  |  |
| I. Net profit (loss) | 22 981 285,18 | 42 724 723,86 | 18 742 365,06 |
| II. Total adjustments | -147 547,09 | -185 059,54 | -1 769 719,01 |
| 1. Amortization and depreciation | 1 140 587,20 | 1 693 199,68 | 752 212,07 |
| 2. Exchange gains (losses) | 0,00 | 0,00 | 0,00 |
| 3. Interest and profit sharing (dividend) | -59 691,11 | -118 059,54 | -99 099,62 |
| 4. Profit (loss) on investment activities | 0,00 | 0,00 | 0,00 |
| 5. Change in provisions | 0,00 | -575,15 | -82,07 |
| 6. Change in inventory | -20 778,59 | 6 887,46 | -88 145,28 |
| 7. Change in receivables | -1 148 532,79 | -1 828 303,18 | -1 947 224,63 |
| 8. Change in short-term liabilities excluding credits and loans | -35 528,73 | -257 939,39 | -369 264,04 |
| 9. Change in prepayments and accruals | -23 603,07 | 201 671,04 | 55 019,22 |
|  10. Other adjustments  |   |   | -73 134,66 |
|  **III. Net cash flow from operating activities (I+/-II)** | **22 833 738,09** | **42 539 664,32** | **16 972 646,05** |
| **B. CASH FLOWS FROM INVESTMENT ACTIVITIES** |  |  |  |
| I. INFLOWS | 59 691,11 | 0,00 | 99 099,62 |
| 1. Disposal of tangible and intangible fixed assets | 0,00 | 0,00 | 0,00 |
| 2. Disposal of investments in real property and in intangible assets | 0,00 | 0,00 | 0,00 |
| 3. From financial assets, including: | 59 691,11 | 0,00 | 99 099,62 |
| a) in related parties | 0,00 | 0,00 | 0,00 |
| b) in other entities | 59 691,11 | 0,00 | 99 099,62 |
|  - disposal of financial assets | 0,00 | 0,00 | 0,00 |
|  - dividend and profit sharing  | 0,00 | 0,00 | 0,00 |
|  - payment of granted long-term loans | 0,00 | 0,00 | 0,00 |
|  - interest | 59 691,11 | 0,00 | 99 099,62 |
|  -other inflows from financial assets | 0,00 | 0,00 | 0,00 |
| 4.Other inflows from investment activities | 0,00 | 0,00 | 0,00 |
| II. Outflows | 2 338 210,48 | 3 977 791,74 | 1 758 480,16 |
| 1. Purchase of intangible fixed assets and tangible fixed assets  | 2 338 210,48 | 3 977 791,74 | 1 758 480,16 |
| 2. Investments in real property and intangible assets | 0,00 | 0,00 | 0,00 |
| 3. for financial assets, including: | 0,00 | 0,00 | 0,00 |
| a) in related parties | 0,00 | 0,00 | 0,00 |
| b) in other entities | 0,00 | 0,00 | 0,00 |
| - purchase of financial assets | 0,00 | 0,00 | 0,00 |
| - granted long-term loans | 0,00 | 0,00 | 0,00 |
| 4.Other outflows from investment activities | 0,00 | 0,00 | 0,00 |
| **III. Net cash flows from investment activities (I-II)** | **-2 278 519,37** | **-3 977 791,74** | **-1 659 380,54** |
| **C. CASH FLOWS FROM FINANCIAL ACTIVITIES** |  |  |  |
| I. Inflows | 0,00 | 0,00 | 0,00 |
| 1. Net inflows from issuance of shares and other capital instruments and from capital contributions | 0,00 | 0,00 | 0,00 |
|   |
| 2. Credits and loans | 0,00 | 0,00 | 0,00 |
| 3. Issuance of debt securities | 0,00 | 0,00 | 0,00 |
| 4. Other inflows from financial activities | 0,00 | 0,00 | 0,00 |
| II. Outflows | 36 307 500,00 | 27 810 000,00 | 27 810 000,00 |
| 1. Purchase of own shares | 0,00 | 0,00 | 0,00 |
| 2.Dividend and other payments to shareholders | 36 307 500,00 | 27 810 000,00 | 27 810 000,00 |
| 3. Profit distribution liabilities other than profit distribution payments to shareholders | 0,00 | 0,00 | 0,00 |
| 4. Repayment of credits and loans | 0,00 | 0,00 | 0,00 |
| 5. Redemption of debt securities | 0,00 | 0,00 | 0,00 |
| 6. Payment of other financial liabilities | 0,00 | 0,00 | 0,00 |
| 7. Payment of liabilities arising from financial leases | 0,00 | 0,00 | 0,00 |
| 8. Interest | 0,00 | 0,00 | 0,00 |
| 9. Other outflows from financial activities | 0,00 | 0,00 | 0,00 |
| **III. NET CASH FLOWS FROM FINANCIAL ACTIVITIES (I-II)** | **-36 307 500,00** | **-27 810 000,00** | **-27 810 000,00** |
| **D. TOTAL NET CASH FLOWS (A.III±B.III±C.III)** | **-15 752 281,28** | **10 751 872,58** | **-12 496 734,49** |
| **E. BALANCE SHEET CHANGE IN CASH, INCLUDING:** | -15 752 281,28 | 10 751 872,58 | --12 496 734,49 |
| - change in cash due to exchange differences | 0,00 | 233 575,34 | 0,00 |
| **F. CASH OPENING BALANCE** | 33 563 749,39 | 22 811 876,81 | 22 811 876,81 |
| **G. CASH CLOSING BALANCE (F±D), INCLUDING** | **17 811 468,11** | **33 563 749,39** | **10 315 142,32** |
| - of limited disposability | 0,00 | 0,00 | 0,00 |

Wrocław, November 28th, 2017.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

# FURTHER CONDENSED INFORMATION AND EXPLANATION

## Notes to the balance sheet

**Note 1.1. Intangible assets**

|  |  |  |
| --- | --- | --- |
| **INTANGIBLE ASSETS in PLN** | **30.09.2017** | **31.03.2017** |
| a) R & D expenses | 7 048 980,36  | 6 058 885,19  |
| b) goodwill | 0,00  | 0,00  |
| c) purchased , patents, licences, land similar values, including: | 0,00  | 0,00  |
|  -software | 0,00  | 0,00  |
| d) other intangible assets | 0,00  | 0,00  |
| e) advances for intangible assets | 0,00  | 0,00  |
| **Total intangible assets** | **7 048 980,36**  | **6 058 885,19**  |

On the balance sheet day the intangible assets were free from liens and encumbrances There were no write-offs made nor were the intangible assets revaluated.

**Note 1.1. Changes in intangible assets**

|  |
| --- |
| CHANGES IN INTANGIBLE ASSETS ( by nature) 01.04-30.09.2017 |
| **Specification** | **a** | **b** | **c** | **d** | **E** | **Total intangible assets** |
| **R&D expenses** | **Goodwill** | purchased , patents, licences, land similar values, including: | **other intangible assets** | **advances for intangible assets** |
|  | **software** |
| a) Opening gross value of intangible assets |  9 191 652,64  |  -  |  -  |  -  |  -  |  -  |  **9 191652,64**  |
| b) decrease (due to |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
|  - internal movements |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| c) increase (due to) |  1 967 632,69  |  -  |  -  |  -  |  -  |  -  |  **1 967632,69**  |
|  - internal movements |  1 967 632,69  |  -  |  -  |  -  |  -  |  -  |  **1967632,69**  |
| d) Closing gross value of intangible assets |  11 159 285,33  |  -  |  -  |  -  |  -  |  -  |  **11 159 285,33**  |
| e) Opening accumulated amortization (redemption)  |  3 132 767,45  |  -  |  -  |  -  |  -  |  -  |  **3 132 767,45**  |
| f) Amortization for the period (due to)  |  977 537,52  |  -  |  -  |  -  |  -  |  -  |  **977 537,52**  |
|  - increase |  977 537,52  |  -  |  -  |  -  |  -  |  -  |  **977 537,52**  |
|  - decrease |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
|  - liquidation |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| g) Closing accumulated amortization (redemption)  |  4 110 304,97  |  -  |  -  |  -  |  -  |  -  |  **4 110 304,97**  |
| h) Opening impairment write-offs |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| i) Closing impairment write-offs |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| **j) Closing net value of intangible assets**  |  **7 048 980,36**  |  **-**  |  **-**  |  **-**  |  **-**  |  **-**  |  **7 048 980,36**  |

**Note 1.3 Intangible assets ( ownership structure)**

|  |  |  |
| --- | --- | --- |
| **INTANGIBLE ASSETS (OWNERSHIP STRUCTURE in PLN**  | **30.09.2017** | **31.03.2017** |
| a) own  | 7 048 980,36 | 6 058 885,19 |
| b) used by virtue of a lease contract, hire or another agreement, including leasing  | 0,00 | 0,00 |
| **Total intangible assets** | **7 048 980,36** | **6 058 885,19** |

**2.1 Tangible assets**

|  |  |  |
| --- | --- | --- |
| **TANGIBLE FIXED ASSETS in PLN** | **30.09.2017** | **31.03.2017** |
| a)tangible assets, including: | 655 311,76 | 572 413,40 |
|  - land (including right to perpetual usufruct) | 0,00 | 0,00 |
|  - buildings, premises, civil and water engineering structures | 0,00 | 0,00 |
|  -technical equipment and machines | 655 311,76 | 572 413,40 |
|  - vehicles |  0,00 | 0,00 |
|  - other fixed assets | 0,00 | 0,00 |
| b)fixed assets under construction | 0,00 | 0,00 |
| c) advances for fixed assets under construction | 0,00 | 0,00 |
| **Total tangible fixed assets** | **655 311,76** | **572 413,40** |

On the balance sheet day the tangible assets were free from liens and encumbrances. There were no write-offs made nor were the tangible assets revaluated.

**Note 2.2. Changes in fixed assets**

|  |
| --- |
| **CHANGES IN FIXED ASSETS (by type groups) in PLN** |
| **Specification** | **land (including right to perpetual usufruct)**  | **buildings premises, civil and water engineering structures** | **technical equipment and machines** |  **vehicles** |  **other fixed assets** | **started investments** | **total fixed assets** |
|
|
| a) Opening gross value of fixed assets |  -  |  -  |  1 219 807,70  |  -  |   |  -  |  **1 219 807,70**  |
| b) increase (due to |  -  |  -  |  245 948,04  |  -  |  -  |  -  |  **245 948,04**  |
|  - purchase |  -  |  -  |  245 948,04  |  -  |  -  |  -  |  **245 948,04**  |
| c) decrease (due to) |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
|  - liquidation |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| d) Closing gross value of fixed assets |  -  |  -  |  1 465 755,74  |  -  |  -  |  -  |  **1 465 755,74**  |
| e) Opening accumulated amortization (redemption)  |  -  |  -  |  647 394,30  |  -  |   |  -  |  **647 394,30**  |
| f) Amortization for the period (due to)  |  -  |  -  |  163 049,68  |  -  |  -  |  -  |  **163 049,68**  |
|  - increase |  -  |  -  |  163 049,68  |  -  |   |  -  |  **163 049,68**  |
|  - decrease |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
|  - sales |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| g) Closing accumulated amortization (redemption)  |  -  |  -  |  810 443,98  |  -  |  -  |  -  |  **810 443,98**  |
| h) Opening impairment write-offs |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| i) Closing impairment write-offs |  -  |  -  |  -  |  -  |  -  |  -  |  **-**  |
| **j) Closing net value of fixed assets**  |  **-**  |  **-**  |  **655 311,76**  |  **-**  |  **-**  |  **-**  |  **655 311,76**  |

**Note 2.3 Fixed assets ( ownership structure)**

|  |  |  |
| --- | --- | --- |
| **FIXED ASSETS (OWNERSHIP STRUCTURE in PLN**  | **30.09.2017** | **31.03.2017** |
| a) own  | 655 311,76 | 572 413,40 |
| b) used by virtue of a lease contract, hire or another agreement, including leasing  | 0,00 | 0,00 |
| **Total fixed assets** | **655 311,76** | **572 413,40** |

The Company does not possess land in perpetual usufruct, nor any other liabilities towards the state budget due to rights of tile to buildings or structures.

The Company runs its economic activity on premises it has leased out. The Company does not have any knowledge about the value of the building on lease.

**Note 3.1 Long-term receivables**

On September 30th, 2017 the only item of long-term receivables was a deposit paid to the landlord.

**Note 4. Long-term investments**

**Note 4.1 Real property**

On September 30th, 2017 as well as on March 31st, 2017 the Company had no real properties classified as long-term investments.

**Note 4.2 Intangible assets**

On September 30th, 2017 as well as on March 31st, 2017 the Company had no intangible assets classified as long-term investments.

**Note 4.3 Long-term financial assets**

|  |  |  |
| --- | --- | --- |
| **LONG-TERM FINANCIAL ASSETS (BY TYPE GROUPS)** | **30.09.2017** | **31.03.2017** |
| **a) opening balance** | **1 656,46** | **1 656,46** |
|  - shares in subsidiaries | 1 656,46 | 1 656,46 |
|  - shares and stocks in other entities | 0,00 | 0,00 |
|  - loans granted to other entities | 0,00 | 0,00 |
|  **b) increase (due to)** | **0,00** | **0,00** |
|  - loans granted to non-related parties | 0,00 | 0,00 |
| **c) decrease (due to)** | **0,00** | **0,00** |
|  - sales of shares to subsidiaries | 0,00 | 0,00 |
|  - write-offs of shares in other entities  | 0,00 | 0,00 |
| **d) closing balance** | **1 656,46** | **1 656,46** |
|  - shares in subsidiaries | 1 656,46 | 1 656,46 |
|  - shares and stocks in other entities | 0,00 | 0,00 |
|  - loans granted to other entities | 0,00 | 0,00 |

The only shares classified as long-term financial assets were shown the shares in the Company's subsidiary, LiveChat Inc. The Company does not hold any shares nor stocks in other entities.

On the balance sheet day the shares were free from liens and encumbrances. There were no write-offs made nor were the shares revaluated.

**Note 4.4 Shares and stocks in subsidiaries**

a) name of the entity, indicating its legal form – LiveChat Inc. - a legal company of Delaware, USA

b) head office

 -registered head office: One International Place, Suite 1400, Boston, MA 02110-2619, USA

c) business:

Hosting, e-payment gateway services

d) relationship – a subsidiary

e) a method of consolidation applied – a method of complete consolidation

f) date of establishing control/joint control/getting a fundamental influence

LiveChat was established on September 30th, 2011. The Issuer took up 5000 shares, 0,10 USD each of the total value of 500 USD. The shares taken up by the Issuer make 100% of the Issuer's share capital.

g) the value of shares at their purchase price/ acquisition cost – 1.654,46 PLN

h) value adjustments (total) - no

i) share (stock) balance value - 1.654,46 PLN

j) percentage of the share capital held – 100%

k) share in the total number of votes at the general meeting – 100%

l) indication of another than referred to in j) or k) basis of control/joint control/fundamental influence – not applicable

m) Company's equity, including:

- share capital – 500.00 USD, that is 1656,46 PLN

- called up share capital (negative value) – no

- supplementary capital – no

- other equity including:

 - previous years' profit ( loss) – 507 513, 03 PLN

- net profit (loss) – 114 691,03 PLN

n) liabilities and provisions for liabilities, including:

- long-term liabilities – 51 015, 62 PLN

- short-term liabilities – 891 112,02 PLN

o) receivables:

- long-term receivables : no

- short-term receivables : 725 425, 54 PLN

p) total assets: 1 431 509,78 PLN

r) revenues from sales: 50 273 529,12 PLN

s) unpaid share (stock) capital by the Issuer – no

t) received or due dividend for the last business year – no

**Note 4.5 Securities, shares and other long-term financial assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)** | **unit** | **currency** | **30.09.2017** | **31.03.2017** |
| a) in Polish zloty | 1 PLN | PLN | 1 656,46 | 1 656,46 |
| b) in foreign currencies (per currencies and recalculated into PLN) |   | USD | 500 | 500 |
| **Total bonds, shares and other long-term financial assets** |   | **1 656,46** | **1 656,46** |

**Note 4.6 Securities, shares and other long-term financial assets**

|  |  |  |
| --- | --- | --- |
| **SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (BY NEGOTIABILITY)** | **30.09.20176** | **31.03..2017** |
| A. With unlimited negotiability, listed (balance sheet value) | 0,00 | 0,00 |
| B. With unlimited negotiability, in the OTC market (balance sheet value) | 0,00 | 0,00 |
| C. With unlimited negotiability, not in the OTC market (balance sheet value) | 1 656,46 | 1 656,46 |
|  a) shares (balance sheet value): | 1 656,46 | 1 656,46 |
|  b) bonds (balance sheet value): | 0,00 | 0,00 |
|  c) other – by nature (balance sheet value): | 0,00 | 0,00 |
|  c1) loans granted | 0,00 | 0,00 |
| D. With limited negotiability (balance sheet value) | 0,00 | 0,00 |
| Total balance, at purchase price/ acquisition cost | 1 656,46 | 1 656,46 |
| Total opening balance | 1 656,46 | 1 656,46 |
| Total adjustments | 0,00 | 0,00 |
| **Total balance sheet value** | **1 656,46** | **1 656,46** |

**Note 4.7 Granted long-term loans**

 On September 30th, 2017 as well as on March 31st, 2017 the Company had no long-term loans.

**Note 4.8 Other long-term investments**

On September 30th, 2017 as well as on March 31st, 2017 the Company had no other long-term investments.

**Note 5.1 Assets balance due to deferred income tax**

On September 30th, 2017 as well as on March 31st, 2017 the assets due to deferred income tax only comprised temporary differences in the tax value of assets and liabilities.

The main title to create provisions for deferred income tax was the provision for IT infrastructure maintenance the Company holds in order to ensure proportionality between the revenues from the sale of access licences and the cost of providing access to services within the period under subscription.

It was found unnecessary to create liability for deferred tax.

**Note 5.2**

|  |  |  |
| --- | --- | --- |
| **OTHER PREPAYMENTS**  | **30.09.2017** | **31.03.2017** |
| a) Prepayments/ prepaid expenses including: | 1 206 989,82 | 1 082 360,07 |
|  - activated R & D expenses | 1 155 095,70 | 1 006 709,83 |
|  - activated other expenses | 51 894,12 | 75 650,24 |
| b) other prepayments | 0,00 | 0,00 |
| **Total prepayments:** | **1 206 989,82** | **1 082 360,07** |

**Note 6. Inventory**

On September 30th, 2017 as well as on March 31st, 2017 the Company's inventory only evidenced advance payment for deliveries. The Company does not have any other inventory and there are no write-offs made.

**Note 7.1 Short-term receivables**

|  |  |  |
| --- | --- | --- |
| **SHORT-TERM RECEIVABLES in PLN** | **30.09.2017** | **31.03.2017** |
| a) receivables from related parties | 677 463,32 | 874 608,00 |
|  - trade receivables, maturing: | 677 463,32 | 874 608,00 |
|  - up to 12 months | 677 463,32 | 874 608,00 |
|  -above 12 months | 0,00 | 0,00 |
|  -other | 0,00 | 0,00 |
|  - claimed at court | 0,00 | 0,00 |
| b) receivables from other entities where the Company has a share in capital | 0,00 | 0,00 |
|  - trade receivables, maturing: | 0,00 | 0,00 |
|  - up to 12 months | 0,00 | 0,00 |
|  - above 12 months | 0,00 | 0,00 |
|  - other | 0,00 | 0,00 |
| c) receivables from other entities | 5 273 141,83 | 4 090 871,31 |
|  - trade receivables, maturing: | 85 961,61 | 69 356,65 |
|  - up to 12 months | 85 961,61 | 69 356,65 |
|  - above 12 months | 0,00 | 0,00 |
|  - receivables from taxes, subsidies, customs, social insurance and other benefits | 4 989 916,06 | 3 841 435,11 |
|  - other | 197 264,16 | 180 079,55 |
| Claimed at court | 0,00 | 0,00 |
| **Total net short-term receivables** | **5 950 605,15** | **4 965 479,31** |
| d) write-offs to receivables | 0,00 | 0,00 |
| **Total gross short-term receivables**  | **5 950 605,15** | **4 965 479,31** |

Receivables from taxes, subsidies, customs, social and health insurance and other benefits mainly comprise receivables from VAT, the balance of which is consistent with the current VAT declaration. The Company plans to settle these receivables against income tax payments.

**Note 7.2 Short-term receivables from related parties**

|  |  |  |
| --- | --- | --- |
| **SHORT-TERM RECEIVABLES FROM RELATED PARTIES** | **30.09.2017** | **31.03.2017** |
| a) trade receivables, including: | 677 463,32 | 874 608,00 |
|  - from subsidiaries | 677 463,32 | 874 608,00 |
|  - from co-subsidiaries | 0,00 | 0,00 |
|  - from associated companies | 0,00 | 0,00 |
|  - from key investor | 0,00 | 0,00 |
|  - from parent company | 0,00 | 0,00 |
| b) other, including: | 0,00 | 0,00 |
|  - from subsidiaries | 0,00 | 0,00 |
|  - from co-subsidiaries | 0,00 | 0,00 |
|  - from associated companies | 0,00 | 0,00 |
|  - from key investor | 0,00 | 0,00 |
|  - from parent company | 0,00 | 0,00 |
| c) claimed at court, including: | 0,00 | 0,00 |
|  - from subsidiaries | 0,00 | 0,00 |
|  - from co-subsidiaries | 0,00 | 0,00 |
|  - from associated companies | 0,00 | 0,00 |
|  - from key investor | 0,00 | 0,00 |
|  - from parent company | 0,00 | 0,00 |
| **Total net short-term receivables from related parties:** | **677 463,32** | **874 608,00** |
| d) write-offs to receivables from related parties | 0,00 | 0,00 |
| **Total gross short-term receivables from related parties:** | **677 463,32** | **874 608,00** |

**Note 7.3 Changes in the balance of write-offs to short-term receivables**

|  |  |  |
| --- | --- | --- |
| **Changes in the balance of write-offs to short-term receivables in PLN** | **30.09.2017** | **31.03.2017** |
| Opening balance | 0,00 | 3 027,13 |
| a) increase (due to) | 0,00 | 0,00 |
|  - interest | 0,00 | 0,00 |
|  - suits, composition, insolvency | 0,00 | 0,00 |
|  - doubtful debts | 0,00 | 0,00 |
| b) decrease (due to)) | 0,00 | 3 027,13 |
|  - interest | 0,00 | 0,00 |
|  - suits, composition, insolvency | 0,00 | 0,00 |
|  - write-offs to receivables | 0,00 | 3 027,13 |
| **Closing balance of write-offs to short-term receivables in PLN** | **0,00** | **0,00** |

**Note 7.4 Gross short-term receivables**

|  |  |  |
| --- | --- | --- |
| **GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE) in PLN** | **30.09.2017** | **31.03.2017** |
| a) in Polish zloty | 5 261 998,30 | 4 090 871,31 |
| b) in foreign currencies (by currencies after recalculating into PLN) | 688 606,85 | 874 608,00 |
|  - in USD | 688 606,85 | 874 608,00 |
|  - in EUR | 0,00 | 0,00 |
| **Total gross short-term receivables** | **5 950 605,15** | **4 965 479,31** |

**Note 7.5 Gross trade receivables from other parties with remaining maturities from the balance sheet date**

|  |  |  |
| --- | --- | --- |
| **GROSS TRADE RECEIVABLES WITH REMAINING MATURITIES FROM THE BALANCE SHEET DATE** | **30.09.2017** | **31.03.2017** |
| a) up to 1 month | 85 961,61 | 69 356,65 |
| b) above 1 month to 3 months | 0,00 | 0,00 |
| c) above 3 months to 6 months | 0,00 | 0,00 |
| d) above 6 months to 1 year | 0,00 | 0,00 |
| e) above a year | 0,00 | 0,00 |
| f) overdue receivables | 0,00 | 0,00 |
| Total trade receivables (gross)  | 85 961,61 | 69 356,65 |
| g) write-offs to trade receivables  | 0,00 | 0,00 |
| **Total trade receivables ( net)** | **85 961,61** | **69 356,65** |

**Note 7.6 Overdue trade receivables (gross)**

|  |  |  |
| --- | --- | --- |
| **OVERDUE TRADE RECEIVABLES (GROSS) – DIVIDED INTO UNPAID RECEIVABLES MATURING:** | **30.09.2017** | **31.03.2017** |
| a) up to 1 month | 0,00 | 39 759,89 |
| b) above 1 month to 3 months | 0,00 | 29 596,76 |
| c) above 3 months to 6 months | 0,00 | 0,00 |
| d) above 6 months to 1 year | 0,00 | 0,00 |
| e) above a year | 0,00 | 0,00 |
| Total overdue trade receivables (gross)  | 0,00 | 69 356,65 |
| f) write-offs to overdue trade receivables | 0,00 | 0,00 |
| **Total overdue trade receivables (net)**  | **0,00** | **69 356,65** |

**Note 7.7 Overdue long-term and short-term receivables (gross)**

|  |  |  |
| --- | --- | --- |
| **GROSS OVERDUE LONG-TERM AND SHORT-TERM RECEIVABLES**  | **30.09.2017** | **31.03.2017** |
| 1. Contentious receivables | 0,00 | 0,00 |
| 2. Total overdue receivables: | 0,00 | 65 666,65 |
|  - trade receivables | 0,00 | 65 666,65 |
|  - other  | 0,00 | 0,00 |
| 3. Receivables with no write-offs made: | 0,00 | 65 666,65 |
|  - trade receivables | 0,00 | 65 666,65 |
|  - other | 0,00 | 0,00 |

**Note 8.1 Short-term financial assets**

|  |  |  |
| --- | --- | --- |
| **SHORT-TERM FINANCIAL ASSETS in PLN** | **30.09.2017** | **31.03.2017** |
| a) in subsidiaries | 0,00 | 0,00 |
|  - stocks or shares | 0,00 | 0,00 |
|  - dividend and profit sharing | 0,00 | 0,00 |
|  - debt securities | 0,00 | 0,00 |
|  - loans granted | 0,00 | 0,00 |
|  - other short-term financial assets (by nature) | 0,00 | 0,00 |
| b) in joint subsidiaries | 0,00 | 0,00 |
|  - stocks or shares | 0,00 | 0,00 |
|  - dividend and profit sharing | 0,00 | 0,00 |
|  - debt securities | 0,00 | 0,00 |
|  - loans granted | 0,00 | 0,00 |
|  - other short-term financial assets (by nature) | 0,00 | 0,00 |
| c) in associated companies and other related parties | 0,00 | 0,00 |
|  - stocks or shares | 0,00 | 0,00 |
|  - dividend and profit sharing | 0,00 | 0,00 |
|  - debt securities | 0,00 | 0,00 |
|  - loans granted | 0,00 | 0,00 |
|  - other short-term financial assets (by nature) | 0,00 | 0,00 |
| d) in key investor | 0,00 | 0,00 |
|  - stocks or shares | 0,00 | 0,00 |
|  - dividend and profit sharing | 0,00 | 0,00 |
|  - debt securities | 0,00 | 0,00 |
|  - loans granted | 0,00 | 0,00 |
|  - other short-term financial assets (by nature) | 0,00 | 0,00 |
| e) in parent company | 0,00 | 0,00 |
|  - stocks or shares | 0,00 | 0,00 |
|  - dividend and profit sharing | 0,00 | 0,00 |
|  - debt securities | 0,00 | 0,00 |
|  - loans granted | 0,00 | 0,00 |
|  - other short-term financial assets (by nature) | 0,00 | 0,00 |
| f) in other entities | 0,00 | 0,00 |
|  - stocks or shares | 0,00 | 0,00 |
|  - dividend and profit sharing | 0,00 | 0,00 |
|  - debt securities | 0,00 | 0,00 |
|  - loans granted | 0,00 | 0,00 |
|  - other short-term financial assets (by nature) | 0,00 | 0,00 |
| g) cash and other cash equivalents | 17 811 468,11 | 33 563 749,39 |
|  - cash in hand and on bank accounts | 17 811 468,11 | 33 563 749,39 |
|  - other cash equivalents  | 0,00 | 0,00 |
|  - other cash assets | 0,00 | 0,00 |
| **Total short-term financial assets** | **17 811 468,11** | **33 563 749,39** |

**Note 8.2 Cash and cash equivalents ( currency structure)**

|  |  |  |
| --- | --- | --- |
| **Cash and cash equivalents in PLN** | **30.09.2017** | **31.03.2017** |
| a) in Polish zloty | 17 811 210,39 | 11 108 599,30 |
| b) in foreign currencies (by currencies after recalculating into PLN) | 257,72 | 22 455 150,09 |
|  - in USD | 257,72 | 22 455 150,09 |
|  - in EUR | 0,00 | 0,00 |
| **Total cash and cash equivalents** | **17 811 468,11** | **33 563 749,39** |

**Note 8.3 Securities, shares and other short-term financial assets**

not present

**Note 8.4. Granted short-term loans**

not present

**Note 8.5 Other short-term investments**

As of September 30th, 2017 as well as on March 31st, 2017 the Company had no other short-term investments.

**Note 9. Short-term prepayments**

|  |  |  |
| --- | --- | --- |
| **SHORT-TERM PREPAYMENTS in PLN** | **30.09.2017** | **31.03.2017** |
| a) prepayments, including: | 412 679,36 | 211 281,70 |
|  - insurance | 37 516,33 | 14 437,50 |
|  - magazine subscription | 0,00 | 0,00 |
|  - yearly payments (domains. licences) | 367 294,12 | 189 918,59 |
|  - other | 7 868,91 | 6 925,61 |
| b) other prepayments | 0,00 | 0,00 |
|  - VAT carry forward | 0,00 | 0,00 |
| **Total short-term prepayments** | **412 679,36** | **211 281,70** |

**Note 10 Assets impairment write-offs**

not present

**Note 11.1 Share capital**

|  |
| --- |
| **SHARE CAPITAL (STRUCTURE) – 30.09.2017** |
|  | **Share type** | **Type of share preference** | **Type of share right limits** | **Number of shares**  | **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 | 750 000 | 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** |
|  |  |  |  |  |  |  |  |  |  |
| **SHARE CAPITAL (STRUCTURE) – 31.03.2017** |
|  **Series/issuance** | **Share type** | **Type of share preference** | **Type of share right limits** | **Number of shares**  | **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 | 750 000  | 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** |

Series A shares:

Series A shares are the series issued in relation to the transformation of „LIVECHAT” Ltd., the legal previous predecessor of the Issuer, into LiveChat Joinmt Stock. The transformation was adopted by the resolution of the shareholders' meeting of „LIVECHAT” Ltd. of June 10th, 2007. The resolution was recorded by Marek Leśniak, Notary Public of the Notarial Office Leśniak i Kawecka-Pysz partnership based in Wrocław, under repertory A no 1324/2007. The transformation was registered by virtue of the decision of the Regional Court for Wrocław-Fabryczna in Wrocław, VI Economic Division – KRS of October 16th, 2007.

At the time of transformation the Issuer's share capital amounted to 500.000 PLN and was divided into 5.000.000 A series ordinary bearer's shares with the nominal value of 0,10 PLN each.

On November 29th, 2013 The Issuer's Shareholders' Meeting passed a resolution to change the Issuer's By-laws, comprising, among other things, stock split, fixing the nominal stock value of 0,02 (two grosze) PLN. The resolution was recorded by Karolina Warczak-Mańdziak , Notary Public of the Notarial Office Wisława Boć-Mazur and Karolina Warczak-Mańdziak civil partnership based in Wrocław, under repertory A no 12380/2013. The shares were split in the proportion of 1:5 so that each single Issuer's share, including each single A series share, was split into 5 shares. The change in the Issuer's By-laws covering a change in the share nominal value was registered by virtue of a decision of the Regional Court for Wrocław-Fabryczna in Wrocław, VI Economic Division – KRS of December 18th, 2013. As a result of the above-mentioned registration, A series shares comprise 25.000.000 ordinary bearer's shares with the nominal value of 0,02 PLN each.

Series B shares

On April 26th, 2010 the Issuer's Shareholders' Meeting passed a resolution to increase the Issuer's share capital by the amount of 15.000 PLN through series B bearer's shares waiving the pre-emptive right of the Company's current shareholders as well as to amend the Company's By-laws. By virtue of the said resolution the Shareholders' Meeting decided to increase the share capital by 15.000 PLN by issuing 150.000 series B ordinary bearer's shares with the nominal value of 0,10 PLN. The series B shares were in full subscribed for by Mariusz Ciepły and paid with cash of 15.000 PLN. The issue price of a series B share was 0,10 PLN per single share.

On November 29th, 2013 The Issuer's Shareholders' Meeting passed a resolution to change the Issuer's By-laws, comprising, among other things, stock split, fixing the nominal stock value of 0,02 (two grosze) PLN. The resolution was recorded by Karolina Warczak-Mańdziak , Notary Public of the Notarial Office Wisława Boć-Mazur and Karolina Warczak-Mańdziak civil partnership based in Wrocław, under repertory A no 12380/2013. The shares were split in the proportion of 1:5 so that each single Issuer's share, including each single B series share, was split into 5 shares. The change in the Issuer's By-laws covering a change in the share nominal value was registered by virtue of a decision of the Regional Court for Wrocław-Fabryczna in Wrocław, VI Economic Division – KRS of December 18th, 2013. As a result of the above-mentioned registration, B series shares comprise 750.000 ordinary bearer's shares with the nominal value of 0,02 PLN each.

**Note 11.2 Changes in the ownership structure from April 1st,2017 until the day on which the financial statement was drawn up**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As of March 31st, 2017** | **As of** **September 30th, 2017**  | **As of** **November 28th, 2017**  |
| Nationale-Nederlanden PTE | 5,53% | 5,53% | 5,53% |
| **Shareholders' Agreement including above 5 % of the Company's equity** | 46,99% | 47,10% | 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% |

**Note 11.3 Own shares** – no

**Note 11.4 Issuer's shares owned by subsidiaries – no**

**Note 12 Supplementary capital**

|  |  |  |
| --- | --- | --- |
| **SUPPLEMENTARY CAPITAL in PLN** | **30.09.2017** | **31.03.2017** |
| a) from sales of shares above their nominal value | 0,00 | 0,00 |
| b) statutory | 171 666,67 | 171 666,67 |
| c) created according to the by-laws/contract above the minimum statutory value | 7 139 489,80 | 722 265,94 |
| d) from shareholders' additional payments | 0,00 | 0,00 |
| e) other (by nature) | 0,00 | 0,00 |
| **Total supplementary capital** | **7 311 156,47** | **893 932,61** |

The Company made a distribution of the previous year’s result according to art. 347 § 4 in the Code of Commercial Companies.

**Note 13 Revaluation reserve**

As of September 30th, 2017 as well as of March 31st, 2017 the Company had no revaluation reserves.

**Note 14 Other reserve capitals (by purpose)**

As of September 30th, 2017 as well as of March 31st, 2017 the Company had no other reserves.

**Note 15 Write-off on net profit during the financial year**

As of September 30th, 2017 as well as of March 31st, 2017 the Company had no write-offs on net profit during the financial year.

**Note 16 Deferred income tax liability / reserve**

As of September 30th, 2017 as well as of March 31st, 2017 it was necessary for the Company to make a provision/ reserve for a deferred income tax.

**Note 17. Change in the balance of short-term and long-term provisions for pension funds and similar**

Not applicable – The Company does not employ people on contracts basis.

**Note 18 Change in the balance of other long-term provisions**

not present

**Note 19 Change in the balance of other short-term provisions**

not applicable

**Note 20 Long-term liabilities**

As of September 30th, 2017 as well as of March 31st, 2017 the Company had no long-term liabilities.

Note 21.1 Short-term liabilities

|  |  |  |
| --- | --- | --- |
| **SHORT-TERM LIABILITIES in PLN** | **30.09.2017** | **31.03.2017**  |
| a) to related parties | 0,00 | 0,00 |
|  - credits and loans, including: | 0,00 | 0,00 |
|  - long-term falling due | 0,00 | 0,00 |
|  - arising from issuance of debt securities | 0,00 | 0,00 |
|  - dividend | 0,00 | 0,00 |
|  - other financial liabilities, including: | 0,00 | 0,00 |
|  - trade liabilities maturing: | 0,00 | 0,00 |
|  - up to 12 months | 0,00 | 0,00 |
|  - above 12 months | 0,00 | 0,00 |
|  - advance payments for deliveries | 0,00 | 0,00 |
|  - bill-of-exchange liabilities | 0,00 | 0,00 |
|  - other ( by nature) | 0,00 | 0,00 |
| b) to joint-subsidiaries  | 0,00 | 0,00 |
|  - credits and loans, including: | 0,00 | 0,00 |
|  - long-term falling due | 0,00 | 0,00 |
|  - arising from issuance of debt securities | 0,00 | 0,00 |
|  - dividend | 0,00 | 0,00 |
|  - other financial liabilities, including: | 0,00 | 0,00 |
|  - trade liabilities maturing: | 0,00 | 0,00 |
|  - up to 12 months | 0,00 | 0,00 |
|  - above 12 months | 0,00 | 0,00 |
|  - advance payments for deliveries | 0,00 | 0,00 |
|  - bill-of-exchange liabilities | 0,00 | 0,00 |
|  - other ( by nature) | 0,00 | 0,00 |
| c) to associated companies and other related entities  | 0,00 | 0,00 |
|  - credits and loans, including: | 0,00 | 0,00 |
|  - long-term falling due | 0,00 | 0,00 |
|  - arising from issuance of debt securities | 0,00 | 0,00 |
|  - dividend | 0,00 | 0,00 |
|  - other financial liabilities, including: | 0,00 | 0,00 |
|  - trade liabilities maturing: | 0,00 | 0,00 |
|  - up to 12 months | 0,00 | 0,00 |
|  - above 12 months | 0,00 | 0,00 |
|  - advance payments for deliveries | 0,00 | 0,00 |
|  - bill-of-exchange liabilities | 0,00 | 0,00 |
|  - other ( by nature) | 0,00 | 0,00 |
| d) to key investor | 0,00 | 0,00 |
|  - credits and loans, including: | 0,00 | 0,00 |
|  - long-term falling due | 0,00 | 0,00 |
|  - arising from issuance of debt securities | 0,00 | 0,00 |
|  - dividend | 0,00 | 0,00 |
|  - other financial liabilities, including: | 0,00 | 0,00 |
|  - trade liabilities maturing: | 0,00 | 0,00 |
|  - up to 12 months | 0,00 | 0,00 |
|  - above 12 months | 0,00 | 0,00 |
|  - advance payments for deliveries | 0,00 | 0,00 |
|  - bill-of-exchange liabilities | 0,00 | 0,00 |
|  - other ( by nature) | 0,00 | 0,00 |
| e) to parent company | 0,00 | 0,00 |
|  - credits and loans, including: | 0,00 | 0,00 |
|  - long-term falling due | 0,00 | 0,00 |
|  - arising from issuance of debt securities | 0,00 | 0,00 |
|  - dividend | 0,00 | 0,00 |
|  - other financial liabilities, including: | 0,00 | 0,00 |
|  - trade liabilities maturing: | 0,00 | 0,00 |
|  - up to 12 months | 0,00 | 0,00 |
|  - above 12 months | 0,00 | 0,00 |
|  - advance payments for deliveries | 0,00 | 0,00 |
|  - bill-of-exchange liabilities | 0,00 | 0,00 |
|  - other ( by nature) | 0,00 | 0,00 |
| f) to other entities | 1 081 049,27 | 1 294 372,59 |
|  - credits and loans, including: | 0,00 | 0,00 |
|  - long-term falling due | 0,00 | 0,00 |
|  - arising from issuance of debt securities | 0,00 | 0,00 |
|  - dividend | 0,00 | 0,00 |
|  - other financial liabilities, including: | 0,00 | 0,00 |
|  - trade liabilities maturing: | 1 056 409,81 | 641 147,84 |
|  - up to 12 months | 1 056 409,81 | 641 147,84 |
|  - above 12 months | 0,00 | 0,00 |
|  - advance payments for deliveries | 0,00 | 0,00 |
|  - bill-of-exchange liabilities | 0,00 | 0,00 |
|  - tax,customs, insurance and other payments | 19 567,20 | 648 241,86 |
|  - payroll liabilities | 0,00 | 0,00 |
|  - other | 5 072,26 | 4 982,89 |
| g) special funds (by titles) | 0,00 | 0,00 |
|  - employee benefit fund | 0,00 | 0,00 |
| **Total short-term liabilities**  | **1 081 049,27** | **1 294 372,59** |

**Note 21.2 Short-term liabilities ( currency structure)**

|  |  |  |
| --- | --- | --- |
| **SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)** | **30.09.2017** | **31.03.2017** |
| a) in Polish zloty | 887 368,61 | 1 294 372,59 |
| b) in foreign currencies (after recalculating into PLN)) | 193 680,66 | 0,00 |
| **Total short-term liabilities** | **1 081 049,27** | **1 294 372,59** |

**Note 21.3 Short-term liabilities arising from loans and credits**

The company is not a party to any credit or loan agreements shown in statements.

**Note 21.4 Short-term liabilities arising from issuance of debt financial instruments**

The Company did not issue any debt financial instruments.

**Note 22. Other prepayments and accruals**

|  |  |  |
| --- | --- | --- |
| **OTHER PREPAYMENTS AND ACCRUALS in PLN** | **30.09.2017** | **31.03.2017** |
| a) prepaid costs | **1 566 069,41** | **1 388 274,82** |
|  - long-term | 0,00 | 0,00 |
|  - short-term (provision for the costs of maintaining IT infrastructure) | 1 566 069,41 | 1 388 274,82 |
| b) deferred income | 0,00 | 0,00 |
|  - long-term | 0,00 | 0,00 |
|  - short-term | 0,00 | 0,00 |
| **Other total prepayments and accruals** | **1 566 069,41** | **1 388 274,82** |

**Note 23 Additional information explaining the method of calculating the book value per single share and the diluted book value per single share:**

|  |  |  |
| --- | --- | --- |
| **BOOK VALUE PER SINGLE SHARE**  | **30.09.2017** | **31.03.2017** |
| Book value | 30 807 441,65 | 44 133 656,47 |
| Number of shares | 25 750 000,00 | 25 750 000,00 |
| Book value per single share (in PLN) | 1,20 | 1,71 |
| Diluted number of shares | 25 750 000,00 | 25 750 000,00 |
| Diluted book value per single share (in PLN) | 1,20 | 1,71 |

**Explanatory notes to off -balance sheet items**

**Note 24 Contingent receivables from related parties**

not present

**Note 25 Contingent liabilities to related parties**

not present

**Notes to profit and loss statement**

**Note 26.1 Net revenues from sales of products (by type)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NET REVENUES FROM SALES OF PRODUCTS (BY TYPE – TYPES OF ACTIVITIES) in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
|  - sales of products | 22 053 667,75 | 43 613 844,69 |   | 17 925 870,14 | 34 459 130,13 |
|  - including: from related parties | 21 946 482,75 | 43 376 682,57 |   | 17 761 184,86 | 34 141 242,14 |
|  - sales of services | 0,00 | 0,00 |   |   | 0,00 |
|  - including: from related parties | 0,00 | 0,00 |   |   | 0,00 |
| **Total net sales of products** | **22 053 667,75** | **43 613 844,69** |  | **17 925 870,14** | **34 459 130,13** |
|  - including: from related parties | 21 946 482,75 | 43 376 682,57 |   | 17 761 184,86 | 34 141 242,14 |

**Note 26.2 Net revenues from sales of products (by territory)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NET REVENUES FROM SALES OF PRODUCTS (BY TERRITORY) IN PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) country | 107 185,00 | 211 758,72 |   | 146 685,28 | 274 764,47 |
|  - including: from related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - sales of products | 107 185,00 | 211 758,72 |   | 146 685,28 | 274 764,47 |
|  - including: from related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - sales of services | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - including: from related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
| b) export | 21 946 482,75 | 43 402 085,97 |   | 17 779 184,86 | 34 184 365,66 |
|  - sales of products | 21 946 482,75 | 43 402 085,97 |   | 17 779 184,86 | 34 184 365,66 |
|  - including: from related parties | 21 946 482,75 | 43 376 682,57 |   | 17 761 184,86 | 34 141 242,14 |
|  - sales of services | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - including: from related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
| **Total net revenues from sales of products** | **22 053 667,75** | **43 613 844,69** |  | **17 925 870,14** | **34 459 130,13** |
|  - including: from related parties | 21 946 482,75 | 43 376 682,57 |   | 17 761 184,86 | 0,00 |

**Note 27 Net revenues from sales of goods and materials**

The Company does not sell goods and materials.

**Note 28 Cost by nature**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **COST BY NATURE in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| Energy and materials used | 96 747,78 | 158 314,48 |   | 57 364,80 | 98 310,59 |
| External services | 5 537 291,57 | 10 215 524,79 |   | 4 288 303,26 | 8 414 958,55 |
| Taxes and charges | 140,00 | 6 592,00 |   | 350,00 | 350,00 |
| Salaries | 267 857,80 | 591 369,20 |   | 347 916,08 | 658 825,01 |
| Amortisation | 590 955,19 | 1 140 587,20 |   | 397 264,74 | 752 212,07 |
| Other cost | 531 823,73 | 1 295 269,15 |   | 787 996,09 | 1 282 344,83 |
| **Total cost by nature** | **7 024 816,07** | **13 407 656,82** |  | **5 879 194,97** | **11 207 001,05** |

**Note 29 Other operating revenues**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **OTHER OPERATING REVENUES in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) gain on disposal of non-financial fixed assets | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - revenues from disposal of non-financial fixed assets | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  -net value of non-financial fixed assets | 0,00 | 0,00 |   | 0,00 | 0,00 |
| b) subsidies | 0,00 | 0,00 |   | 0,00 | 0,00 |
| c) other operating revenues | 3 000,00 | 6 000,00 |   | 3 000,01 | 6 007,80 |
|  - annual adjustment | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - other operating revenues | 3 000,00 | 6 000,00 |   | 3 000,01 | 6 007,80 |
| **Total other operating revenues** | **3 000,00** | **6 000,00** |  | **3 000,01** | **6 007,80** |

**Note 30 Other operating expenses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **OTHER OPERATING EXPENSES in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) loss on disposal of non-financial fixed assets | 0,00 | 0,00 |   | 0,00 | 0,00 |
| b) revaluation of non-financial assets | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - revaluation write-offs | 0,00 | 0,00 |   | 0,00 | 0,00 |
| c) other operating expenses  | 1 618,86 | 3 223,05 |   | 0,01 | 0,01 |
|  - donations | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - provision for expenses | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - annual adjustment of VAT | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - penalty for earlier termination of a contract  | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - other operating expenses  | 1 618,86 | 3 223,05 |   | 0,01 | 0,01 |
| **Total operating expenses** | **1 618,86** | **3 223,05** |  | **0,01** | **0,01** |

**Note 31.1 Financial revenues arising from dividend and profit sharing**

As of September 30th, 2017 and September 20th, 2016 the item is not present

**Note 31.2 Financial revenues arising from interest**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **FINANCIAL REVENUES FROM INTEREST in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) loans granted | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from related parties, including: | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from joint subsidiaries | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from associated and other companies | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from key investor | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from parent company | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from other entities | 0,00 | 0,00 |   | 0,00 | 0,00 |
| b) other interest  | 33 234,00 | 59 938,51 |   | 19 979,64 | 101 431,14 |
|  - from related parties, including: | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from joint subsidiaries | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from associated and other companies | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from key investor | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from parent company | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - from other entities | 33 234,00 | 59 938,51 |   | 19 979,64 | 101 431,14 |
| **Total financial revenues arising from interest** | **33 234,00** | **59 938,51** |  | **19 979,64** | **101 431,14** |

**Note 31.3 Other financial revenues**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **OTHER FINANCIAL REVENUES in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) revaluation exchange rate gains | 0,00 | 0,00 |   | 29 426,58 | 59 655,92 |
| b) reserve release | 0,00 | 0,00 |   | 0,00 | 0,00 |
| c) other | 0,00 | 0,00 |   | 0,00 | 0,00 |
| **Total other financial revenues** | **0,00** | **0,00** |  | **29 426,58** | **59 655,92** |

**Note 32.1 Financial expenses arising from interest**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **FINANCIAL EXPENSES FROM INTEREST in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) loans granted | 0,00 | 0,00 |   |   | 0,00 |
|  - to related parties, including: | 0,00 | 0,00 |   |   | 0,00 |
|  - to related parties | 0,00 | 0,00 |   |   | 0,00 |
|  - to joint subsidiaries | 0,00 | 0,00 |   |   | 0,00 |
|  - to associated and other companies | 0,00 | 0,00 |   |   | 0,00 |
|  - to key investor | 0,00 | 0,00 |   |   | 0,00 |
|  - to parent company | 0,00 | 0,00 |   |   | 0,00 |
|  - to other entities | 0,00 | 0,00 |   |   | 0,00 |
| b) other interest  | 0,11 | 247,40 |   | 65,02 | 2 331,52 |
|  - to related parties, including: | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - to related parties | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - to joint subsidiaries | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - to associated and other companies | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - to key investor | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - to parent company | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - to other entities | 0,11 | 247,40 |   | 65,02 | 2 331,52 |
| **Total financial expenses arising from interest** | **0,11** | **247,40** |  | **65,02** | **2 331,52** |

**Note 32.2 Other financial expenses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **OTHER FINANCIAL EXPENSES in PLN** | for the period of 3 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |  | for the period of 3 months ending on September 30th 2016 | for the period of 6 months ending on September 30th 2016 |
| a) loss on exchange rates | 183 216,24 | 1 704 045,11 |   | -47 174,91 | 11,64 |
| b) created reserves (due to) | 0,00 | 0,00 |   | 0,00 | 0,00 |
|  - revaluation write-offs to receivables | 0,00 | 0,00 |   | 0,00 | 0,00 |
| c) other | 0,00 | 0,00 |   | 0,00 | 0,00 |
| **Total other financial expenses**  | **183 216,24** | **1 704 045,11** |  | **-47 174,91** | **11,64** |

**Note 33 Current income tax**

|  |  |  |
| --- | --- | --- |
| **CURRENT INCOME TAX in PLN** | for the period of 6 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2016 |
| 1. Gross profit (loss) | 28 564 610,82 | 23 416 880,77 |
| 2. Difference between gross profit (loss) and an income tax base ( by nature)  | 0,00 | 0,00 |
| a) increasing the taxable base | 745 591,22 | 1 569 974,27 |
|  -taxable income | 0,00 | 0,00 |
|  - costs that are not tax-deductible expenses | 745 591,22 | 1 569 974,27 |
| b) decreasing the taxable base | 0,00 | 0,00 |
|  - revenues that are not fixed tax-deductible revenues | 0,00 | 0,00 |
|  - costs that for tax calculation purposes are tax year costs  | 0,00 | 0,00 |
| 3. Income tax base | 29 310 202,04 | 24 986 855,04 |
| 4. Income tax according to the rate of 19% | 5 568 938,39 | 4 747 502,46 |
| 5. Tax increases, waivers, exemptions, deductions  | 0,00 | 0,00 |
| **6. Current income tax shown in a tax return for the period, including:** | **5 568 938,00** | **4 885 017,50** |
|  - shown in the profit and loss statement | 5 583 325,64 | 4 674 515,71 |
|  - change in the balance of deferred income | -14 387,64 | 72 986,73 |

**Note 34 Deferred income tax, shown in the profit and loss statement**

The deferred income tax balance shown in the profit and loss statement results from changes in the assets and provisions for deferred tax. The basic reasons for generating the deferred tax temporary differences result from changes in the estimate values related to the IT infrastructure maintenance expenses.

**Note 35 Other statutory reductions in profit (increases in loss)**

not present

**Note 36 Profit per single share**

|  |  |  |
| --- | --- | --- |
|  | for the period of 6 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2017 |
|  Net profit | 22 981 285,18 | 18 742 365,06 |
|  Number of shares | 25 750 000,00 | 25 750 000,00 |
|  Net profit per single share ( in PLN) | 0,89 | 0,73 |
|  Diluted number of shares | 25 750 000,00 | 25 750 000,00 |
|  Diluted net profit per single share  | 0,89 | 0,73 |

Profit per single share was calculated as a product of the net profit as shown in the financial statement and the average weighted number of shares.

**Explanatory notes to cash flow statement**

|  |  |  |
| --- | --- | --- |
| **CASH OPENING AND CLOSING BALANCE/STRUCTURE**  | for the period of 6 months ending on September 30th 2017 | for the period of 6 months ending on September 30th 2016 |
| a) total cash (opening balance) | 33 563 749,39 | 22 811 876,81 |
|  - cash in hand and at bank | 33 563 749,39 | 22 811 876,81 |
|  - other cash | 0,00 | 0,00 |
| b) total cash (closing balance) | 17 811 468,11 | 10 315 142,32 |
|  - cash in hand and at bank | 17 811 468,11 | 10 315 142,32 |
|  - other cash | 0,00 | 0,00 |
| Change in the balance of cash | -15 752 281,28 | -12 496 734,49 |
| Cash from operating activity | 22 833 738,09 | 16 972 646,05 |
| Cash from investment activity | -2 278 519,37 | -1 659 380,54 |
| Cash from financial activity | -36 307 500,00 | -27 810 000,00 |

**FURTHER EXPLANATORY NOTES**

**Note 1 Information on financial instruments**

**Note 1.1** As of the balance sheet date the Company's financial assets are formed of shares/stocks in the related company LiveChat Inc., and cash.

The company does not have any other financial instruments, especially contracts referred to in the regulation of the Cabinet of December 12th, 2001 concerning detailed principles of recognition, valuation methods and scope of disclosure and the way of presenting financial documents.

**Note 1.2** For financial assets available for sale or intended for trading, evaluated at the adjusted acquisition cost, if it is not possible to reliably measure the fair value of the assets, their balance sheet value should be indicated along with stating the reasons for which their fair value cannot be fixed reliably, as well as, if possible – defining the range within which the fair value of those instruments can be contained.

Not applicable

**Note 1.3** For financial assets and financial liabilities, the fair value of which is not determined, it is recommended to provide:

a) information on their fair value; if, for some reasons, the fair value of such assets or liabilities has not been fixed, this should be indicated along with a basic characteristics of financial instruments, that in other circumstances would have been evaluated at the price determined on the regulated active market where public trading in financial instruments takes place and the information on this price is available.

b) in case the fair value of assets and financial liabilities is lower than their balance sheet value – the balance sheet as well as the fair vale of a particular item or a group of items, the reasons for failing to make revaluation write-offs to the balance sheet value of such items as well as the prospects of recovering the indicated value in full amount.

Not present

**Note 1.4** In case of an agreement resulting in transformation of financial assets into securities or in case of repurchase agreements, it is necessary to provide for each transaction individually:

a) character and size of the transactions made, including description of accepted or granted guarantees and securities, data accepted for calculation of the fair value of interest inflows related to agreements made in a particular period as well as transactions made in previous periods, both completed as well as continuing in a particular period.

b) information on financial assets excluded from accounting books during the reporting period.

Not present

**Note 1.5** In case of reclassification of financial assets evaluated at their fair value into assets evaluated at the adjusted acquisition cost, the reasons for changing valuation method should be given.

Not present

**Note 1.6** In case of impairment loss on financial assets is recognised or due to the fact that the reason for which such loss is recognized ceases , or the value of the asset is increased, it is necessary to indicate the amounts of write-offs decreasing or increasing the value of financial assets.

Such write-offs were not made.

**Note 1.7** For debt financial instruments, loans granted or own receivables it is necessary to indicate interest revenue calculated by means of interest rates resulting from contracts made, divided into assets categories the interest refers to, however, the interest calculated and realized in a particular period and the interest calculated but unrealized should be indicated separately. Unrealized interest should be indicated divided by payment dates:

- up to 3 months 0,00 PLN

- above 3 months to 12 months 0,00 PLN

- above 12 months 0,00 PLN

not present

**Note 1.8** For write-offs to loans granted or own receivables arising from impairment loss on such loans, it is necessary to indicate the unrealized interest calculated on such receivables.

 No applicable

**Note 1.9** For financial liabilities, it is necessary to indicate cost of interest on the liabilities calculated with interest rates resulting from concluded contracts, divided into interest cost related to liabilities recognised as intended for trading, other short-term financial liabilities and long-term financial liabilities; the cost of interest calculated and realized in a particular period should be indicated separately from the cost of interest calculated but unrealized. Unrealized interest should be indicated divided by payment dates:

- up to 3 months 0,00 PLN

- above 3 months to 12 months 0,00 PLN

- above 12 months 0,00 PLN

Not present

**Note 1.10** It is necessary to provide information on financial risk management objectives and methods, including division into fair value hedges, cash flow hedges and hedges of net investments in foreign operations, as well as information on, at least:

a) description of hedge type,

b) description of hedging instruments

c) characteristics of a risk type hedged.

Such instruments do not occur, however risk the Company is exposed to, including financial risk , is presented in the annual report of the Board on the Company's performance in the period under analysis. The Company does not use financial risk hedges.

**Note 1.11** In case of hedging a planned transaction or highly probable future liabilities, it is necessary to provide information on financial risk management objectives and methods, divided into hedges of basic types of planned transactions and highly probable future liabilities, and furthermore information on, at least:

a) description of a hedged item, including the expected time of the planned transaction occurrence or future liability falling due,

b) description of hedging instruments used,

c) amount of all deferred or not calculated profit or loss as well as the expected date of recognising them as financial revenues or expenses.

Not applicable

**Note 1.12** If profit or loss on evaluation of hedging documents, both being financial derivatives, or other assets or liabilities, in case of hedging cash flows was reflected in revaluation capital, it is necessary to indicate:

a) amounts of write-offs increasing or decreasing revaluation capital,

b) amounts of write-offs on revaluation capital booked as financial revenues or expenses,

c) amounts of write-offs on revaluation capital added to acquisition cost/ purchase price or an opening balance determined in another way on the day an asset or liability was entered into the books, which until this day was covered by a transaction or was a highly probable future liability hedged item

not present

**1.a** Information on possessed financial instruments including embedded derivatives

not present

**Note 2.** Note on off-balance sheet items, especially in contingent liabilities, including guarantees made by the Company ( also in bonds)

not present

**Note 3** Liabilities towards the state budget of self-governments due to the rights of title to buildings and structures granted

As of September 30th ,2017 the Company had no liabilities towards the state budget or self-governments due to the rights of title to buildings

**Note 4** Revenues, expenses and results of discontinued activity during the reporting period or prospected to be discontinued in the next period

During the reporting period the Company did not discontinue any of the activities it had run , it does not expect that those activities will be discontinued in next periods

**Note 5** Cost of manufacture of fixed assets under construction, fixed assets for the Company's own needs

During the reporting period there were no costs of manufacture of fixed assets under construction or fixed assets for the Company's own needs.

**Note 6** Investments made

In the reporting period the Company made investments on purchase of fixed assets amounting to 245 948, 04 PLN.

The Company does not have to make nor makes any investments related to environmental protection.

**Note 7** Information on transactions made with related parties upon other than market conditions, including amounts and character of those transactions

The Company did not make transactions with related parties under other than market conditions.

Figures of the related parties concerning:

a) mutual receivables and payables,

b) costs and revenues of mutual transactions,

c) other data necessary for drawing up a consolidated financial statement

Revenues from sales to LiveChat Inc 42 573 786, 63 PLN

Cost of services purchased from LiveChat Inc 7 699 360, 45 PLN

Receivables due from LiveChatInc 677 463,32 PLN

Liabilities to LiveChat Inc 0,00 PLN

**Note 7a.** Information on the character and economic objective of the agreements concluded by the Issuer not reflected in the balance sheet to the extent needed for evaluating their effect on the financial standing and the financial result.

No applicable

**Note 8 Information on joint undertakings not subject to consolidation**

not presented

**Note 9 Information on average employment divided into professional groups.**

The Company does not employ employees on contract basis. It regularly liaises with 78 people.

**Note 10** Total amount of salaries and prizes ( in cash and in kind) paid or due, separately to the management and supervisory staff, in the Company's enterprise and due to exercising functions in the authorities of subsidiaries, joint subsidiaries and associated companies.

|  |  |  |
| --- | --- | --- |
| **Name** | **01.04.2017 – 30.09.2017** | **01.04.2016 – 30.09.2016** |
| Mariusz Ciepły | 108 000,00 | 108 000,00 |
| Urszula Jarzębowska | 72 000,00 | 72 000,00 |
| Total | 180 000,00 | 180 000,00 |

Members of the Supervisory Board did not receive salaries.

**Note 11** Information on the amount of unpaid advances, credits, loans, guarantees or other agreed commitments to payments for the Company, given by the Company to managing and supervisory staff.

As of September 30th, 2017 the Company had payables due to advances amounting to:

 - Mariusz Ciepły - 125 776,60,40 PLN

 - Urszula Jarzębowska - 68 028,22 PLN

**Note 12 Information on significant events in previous years comprised by the financial statement for the present period.**

No events of such type

**Note 13 Information on significant events after the balance sheet day not comprised by the financial statement.**

After the balance sheet day there were no significant events that were not recognised in the financial statement.

**Note 14 Information on the relations of the legal predecessor with the Issuer and on the method of taking over assets and liabilities.**

By virtue of a decision of the Regional Court of Wrocław-Fabryczna VI Economic Division – National Court Register of June 28th, 2002 into the Register of Entrepreneurs of the National Court Register there were entered the particulars of LIVECHAT Ltd. Based in Wrocław – the legal predecessor of the Issuer.

On September 10th, 2007 the Shareholders' Meeting of LIVECHAT Ltd. passed a resolution on transformation of the Company into a joint stock. The resolution was recorded by the Notary Public Marek Leśniak of the Notarial Office Leśniak i Kawecka-Pysz partnership based in Wrocław under repertory A no 1324/2007.

By virtue of a decision of the Regional Court of Wrocław-Fabryczna VI Economic Division – National Court Register of October 16th, 2007 the transformation was entered into the National Court Register as well as the name of the Issuer LIVECHAT Software Joint Stock was entered into the said register under the number KRS 0000290756.

**Note 15** Financial statement and comparable data, at least with reference to the basic items in the balance sheet and profit and loss statement/ consolidated financial statement and consolidated profit and loss statement, adjusted by the relevant inflation index, indicating the source of the index and the application method, recognising the period of the last financial statement as the reference period – if the accumulated average annual inflation rate for the past three years of the Issuer's business activities reached or exceeded 100%

not applicable

**Note 16** Listing and explaining differences between the data reflected in the financial statement and the comparable data and previously drawn up and published statements

not applicable

**Note 17**  Changes in the accounting principles (policy) applied and the method of drawing the financial statement up made in relation to the previous business year (or business years), the reasons, titles and the effect of the resulting financial outcomes onto the financial standing, liquidity, financial result and profitability.

not applicable

**Note 18** Adjustments made, their reasons, titles and the effect of the resulting financial outcomes onto the financial standing, liquidity, financial result and profitability.

In the business year ending on September 30th, 2017, there were no adjustments made in the books.

**Note 19** In case of uncertainty concerning the possibilities of continuing activities, description of such uncertainties as well as stating that such an uncertainty occurs and indicating whether the financial statement contains adjustments thereof. It is also necessary to describe the actions taken or planned to be taken by the Company in order to eliminate uncertainty.

The financial statement was made with the belief that the Company will continue its activities in foreseeable future.

There are no circumstances known that might threaten continuation of the activities run by the Company.

**Note 20** Merger

During the reporting period there was no Company's merger with other business entity.

**Note 21** In case of evaluating shares and stocks for the purpose of the financial statement property rights were not applied it is necessary to indicate what effects would have been brought with their application and how this would have affected the financial result.

The Company does not have subsidiaries the shares/stocks of which are evaluated by equity method.

**Note 22** Drawing up the consolidated statements

The presented financial statement is a separate statement of LIVECHAT Software SA. As the parent Company in the Capital group of LIVECHAT Software SA, the Company has also drawn up a consolidated statement.

Wrocław, November 28th, 2017

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Management Board