INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

FOR THE PERIOD OF THREE MONTHS ENDING ON JUNE 30th, 2019

DRAWN UP IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Capital Group LIVECHAT SOFTWARE SA

Wrocław, August 28th, 2019

CONTENTS

1. SELECTED FINANCIAL DATA

SELECTED FINANCIAL FIGURES	In thousand PLN		In thousand EUR	
	01.04.2019-30.06.2019	**01.04.2018-31.03.2019**	**01.04.2019-30.06.2019**	**01.04.2018-31.03.2019**
I. Net revenues from sales of products, goods and materials	30 177	25 515	7 097	5 933
II. Profit (loss) on operational activity	18 199	17 616	4 239	4 096
III. Gross profit (Loss)	18 225	17 665	4 245	4 108
IV. Net profit (Loss)	14 714	14 226	3427	3 308
V. Net cash flow from operating activities	13 756	14 682	3 204	3414
VI. Net cash flow from investing activities	(2 665)	(1 485)	(621)	(345)
VII. Net cash flow from financial activities	-	-	-	-
VIII. Net cash flow total	11 091	13 197	2583	3069
IX. Total assets	75182	63 690	17 480	14 603
X. Liabilities and provision for liabilities	6004	4227	1 396	969
XI. Long-term liabilities	-	-	-	-
XII. Short-term liabilities	6004	4227	1 396	969
XIII. Equity	69178	59 462	16 084	13634
XIV. Share capital	515	515	120	118
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)	0,57	0,55	0,13	0,13
XVIII. Net book value per single share (in PLN/ EUR)	2,69	2,31	0,62	0,53

Please state the exchange rate of PLN/EUR for calculating balance sheet figures	0,2325	0,2293
Please state the exchange rate of PLN/EUR for calculating the statement figures of the total revenues and cash flow statement	0,2329	0,2325

1. CONSOLIDATED STATEMENT OF FINANCIAL STANDING

Specification	Note	Balance as at 30.06.2019	Balance as at 31.03.2019	Balance as at 30.06.2018
FIXED ASSETS		**20 024 958**	**18 568 656**	**12 190 737**
Tangible fixed assets	2	1 503 469	1 529 599	1 277 959
Investment real property		-	-	-
Goodwill		-	-	-
Other intangible assets	1	15 308 690	13 809 233	8 956 807
Shares and stocks		-	-	-
- including: investments accounted for using equity method		-	-	-
Long-term receivables	5	147 600	147 600	167 690
Other long-term financial assets		-	-	-
Deferred tax assets	15	555 334	472 951	361 828
Long term prepayments and accruals	3	2 509 865	2 609 274	1 426 454
CURRENT ASSETS		**55 156 963**	**42 951 669**	**51 499 626**
Inventory		-	-	-
Trade receivables	4	1 374 686	1 179 923	1 046 824
Receivables for current income tax		-	-	-
Other receivables	4	10 017 191	9 092 688	7 076 551
Other financial assets		-	-	-
Cash and its equivalents	5	43 715 364	32 624 369	43 330 881
Prepayments and accruals	6	49 722	54 688	45 370
ASSETS CLASSIFIED AS INTENDED FOR SALE		-	-	-
Tangible fixed assets intended for sale		-	-	-
Other assets classified as intended for sale		-	-	-
Total assets :		**75 181 921**	**61 520 325**	**63 690 364**

Wrocław, August 28th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

Specification	Note	Balance as at	Balance as at	Balance as at
		30.06.2019	31.03.2019	30.06.2018
EQUITY		**69 178 017**	**54 345 268**	**59 463 315**
Share capital	7.1	515 000	515 000	515 000
Own shares		-	-	-
Called up share capital		-	-	-
Supplementary capital from issuance of shares		-	-	-
Supplementary capital from retained earnings and transactions of mergers under common control	7.2	9 806 990	9 806 990	7 311 156
Exchange rate differences after calculation		63 672	(55 360)	(70 083)
Revaluation reserve for employee benefits		-	-	-
Reserve capital		-	-	-
Hedging reserve		-	-	-
Figures recognised directly in capital related to financial assets classified as available for sale		-	-	-
Dividend paid		-	(13 905 000)	-
Undistributed result from previous years	7.3	44 078 637	737 638	37 480 972
Net profit (loss) of the business year	9	14 713 718	57 245 999	14 226 270
Equity attributable to shareholders of the parent company		**69 178 017**	**54 345 268**	**59 463 315**
Equity attributable to non-controlling shares		**-**	**-**	**-**
LONG-TERM LIABILITIES		**-**	**10 243**	**-**
Reserve due to deferred income tax	**15**	-	10 243	-
Provision for pension benefits and similar		-	-	-
Other provisions/ reserves		-	-	-
Credits and loans		-	-	-
Other financial liabilities		-	-	-
Other long-term liabilities		-	-	-
SHORT-TERM LIABILITIES		**6 003 904**	**7 164 814**	**4 227 049**
Credits and loans		-	-	-
Other financial liabilities		-	-	-
Trade liabilities	9	4 530 173	4 323 670	3 137 367
Tax payables	9	1 289 002	2 642 621	1 089 682
Provision for pension benefits and similar		-	-	-
Other short-term provisions/reserves		-	-	-
Other liabilities	9	184 728	198 523	-
Accrued income		-	-	
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**	**-**
Total liabilities :		**75 181 921**	**61 520 325**	**63 690 364**

Wrocław, August 28th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

2. CONSOLIDATED STATEMENT OF THE FINANCIAL RESULT AND TOTAL INCOME (by-function format)

Specification	Note	For the period : 01.04.2019-30.06.2019 3 months	For the period : 01.04.2018-31.03.2019 12 months	For the period : 01.04.2018-30.06.2018 3 months
Continued activity				
Revenues from sales	11	30 177 385	109 298 865	25 514 952
Prime costs of sale	12	4 728 394	17 938 965	4 007 265
GROSS POFIT (LOSS) ON SALES		**25 448 991**	**91 359 901**	**21 507 687**
Sales expenses	12	3 903 559	10 465 160	1 945 360
General and administrative costs	12	3 347 679	10 113 292	1 948 377
POFIT (LOSS) ON SALES		**18 197 753**	**70 781 449**	**17 613 949**
Other operating revenues	13	3 975	14 366	3 001
Other operating expenses	13	2 907	20 238	1 447
PROFIT (LOSS) ON OPERATING ACTIVITY		**18 198 820**	**70 775 576**	**17 615 503**
Financial revenues	14	26 478	209 835	49 863
Financial expenses	14	-	91	74
Profit on sales of shares to an associated company		-	-	-
Profit sharing in associated companies		-	-	-
PROFIT (LOSS) BEFORE TAX		**18 225 299**	**70 985 320**	**17 665 292**
Income tax	15	3 511 581	13 739 322	3 439 023
PROFIT (LOSS) ON CONTINUED ACTIVITY		**14 713 718**	**57 245 999**	**14 226 270**
Profit (loss) on discontinued activity		-	-	-
NET PROFIT (LOSS)		**14 713 718**	**57 245 999**	**14 226 270**
Other total revenues		-	-	-
Other comprehensive income items that will not be reclassified into profit or loss		-	-	-
Actuarial profit and loss		-	-	-
Effects of revaluation of fixed assets		-	-	-
Income tax related to other total revenues		-	-	-
Other comprehensive income items that, after meeting certain requirements, will be reclassified into profit or loss		**119 032**	**19 523**	**4 799**
Hedge accounting		-	-	-
Translation differences on foreign operations		119 032	19 523	4 799
Effects of revaluation of financial assets available for sale		-	-	-
Other profit sharing in associated companies		-	-	-
Income tax related to the other total revenues		-	-	-
Other total income		**119 032**	**19 523**	**4 799**
Total income		**14 832 750**	**57 265 521**	**14 231 069**

Wrocław, August 28th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

3. NET EARNINGS PER SINGLE ORDINARY SHARE (PLN)

Earnings per single share (in PLN/GR per single share)		**For: 01.04.2019 - 30.06.2019**	**For: 01.04.2018 31.03.2019**	**For: 01.04.2018 30.06.2018**
On continuing and discontinued activity				
Ordinary		0,57	2,22	0,55
Diluted		0,57	2,22	0,55
On continuing activity				
Ordinary		0,57	2,22	0,55
Diluted		0,57	2,22	0,55
Profit (loss) on continuing and discontinued activity		14 713 718	57 245 999	14 226 270
Profit (loss) on continuing activity		14 713 718	57 245 999	14 226 270
Weighted average number of shares		25 750 000	25 750 000	25 750 000
Weighted average diluted number of ordinary shares		25 750 000	25 750 000	25 750 000

Basic earnings on the continuing activity per share are measured as the quotient of profit on continuing activity attributable to ordinary shareholders of a parent company and weighted average number of issued ordinary shares in the business year.
Diluted earnings on continuing activity per single share are computed as the quotient of profit on continuing activity attributable to ordinary shareholders of a parent company (after deduction of interest on redeemed preference shares converted into ordinary shares) and the weighted average number of issued ordinary shares in the business year (adjusted with the effect of diluting options and diluting redeemed preference shares converted into ordinary shares).

4. CONSOLIDATED REPORT ON CHANGES IN EQUITY

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD : 01.04.2019 – 30.06.2019	Equity attributable to the owners of the parent company							
	Share capital	**Own shares**	**Supplementary capital**	**Currency translation profit/loss of a subsidiary**	**Dividend advancement paid**	**Undistributed profit /loss from previous years**	**Profit (loss) of the business year**	**Total equity**
Balance on 01.04.2019	**515 000**	**-**	**9 806 990**	**(55 360)**	**(13 905 000)**	**737 638**	**57 245 999**	**54 345 268**
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-
Settlement of the result of a subsidiary	-	-	-	-	-	-	-	-
Balance after adjustments	**515 000**	**-**	**9 806 990**	**(55 360)**	**(13 905 000)**	**737 638**	**57 245 999**	**54 345 268**
Issuance of shares	-	-	-	-	-	-	-	-
Transfer of the net result	-	-	-	-	-	43 340 999	(43 340 999)	-
Transfer of the financial result to capital	-	-		-	-	-	-	-
Dividend paid	-	-	-	-	13 905 000		(13 905 000)	(13 905 000)
Buyback	-	-	-	-	-	-	-	
Total transactions with owners	**-**	**-**	**-**	**-**	**13 905 000**	**43 340 999**	**(57 245 999)**	**(13 905 000)**
Net profit/loss in the period:	-	-	-	-	-	-	14 713 718	14 713 718
Other total income:	-	-	-	-	-	-	-	-
Reevaluation of fixed assets	-	-	-	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	119 032	-	-	-	-
Exchange rate differences from revaluation of entities operating abroad	-	-	-		-	-		-
Exchange rate differences transferred to the financial result -sale of foreign entities	-	-	-	-	-	-	-	-
Actuarial profit and loss	-	-	-	-	-	-	-	-
Share in the other total income of entities evaluated with equity method	-	-	-	-	-	-	-	-
Income tax that refers to items of other total income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**119 032**	**-**	**-**	**14 713 718**	**14 713 718**
Transfer to retained earnings (sale of reevaluated fixed assets)	-	-	-	-	-	-	-	-
Balance as of 30.06.2019	**515 000**	**-**	**9 806 990**	**63 672**	**-**	**44 078 637**	**14 713 718**	**69 178 017**

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD : 01.04.2018 – 31.03.2019	Equity attributable to the owners of the parent company							
	Share capital	**Own shares**	**Supplementary capital**	**Currency translation profit/loss of a subsidiary**	**Dividend advancement paid**	**Undistributed profit /loss from previous years**	**Profit (loss) of the business year**	**Total equity**

Balance on 01.04.2018	**515 000**	**-**	**7 311 156**	**(74 882)**	**-**	**507 513**	**48 305 126**	**56 563 914**
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-
Settlement of the result of a subsidiary	-	-	-	-	-	-	-	-
Balance after adjustments	**515 000**	**-**	**7 311 156**	**(74 882)**	**-**	**507 513**	**48 305 126**	**56 563 914**
Issuance of shares	-	-	-	-	-	-	-	-
Transfer of the net result	-	-	-	-	-	48 305 126	(48 305 126)	-
Transfer of the financial result to capital	-	-	2 495 833	-	-	(2 495 833)	-	2 495 833
Dividend paid	-	-	-	-	(13 905 000)	(45 577 500)	-	(45 577 500)
Buyback	-	-	-	-	-	-	-	
Total transactions with owners	**-**	**-**	**2 495 833**	**-**	**(13 905 000)**	**231 793**	**(48 305 126)**	**(43 081 667)**
Net profit/loss in the period:	-	-	-	-	-	-	57 245 999	57 245 999
Other total income:	-	-	-	-	-	-	-	-
Reevaluation of fixed assets	-	-	-	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	24 301	-	-	-	-
Exchange rate differences from revaluation of entities operating abroad	-	-	-		-	(1 667)		-
Exchange rate differences transferred to the financial result -sale of foreign entities	-	-	-	-	-	-	-	-
Actuarial profit and loss	-	-	-	-	-	-	-	-
Share in the other total income of entities evaluated with equity method	-	-	-	-	-	-	-	-
Income tax that refers to items of other total income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**24 301**	**-**	**(1 667)**	**57 245 999**	**57 245 999**
Transfer to retained earnings (sale of reevaluated fixed assets)	-	-	-	-	-	-	-	-
Balance as of 31.03.2019	**515 000**	**-**	**9 806 989**	**(50 581)**	**(13 905 000)**	**737 639**	**57 245 999**	**54 350 046**

Wrocław, August 28th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

5. CONSOLIDATED STATEMENT OF CASH FLOWS

Specification	Cash flows for: 01.04.2019 - 30.06.2019	Cash flows for: 01.04.2018 31.03.2019	Cash flows for: 01.04.2018 30.06.2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	18 225 299	70 985 321	17 665 292
Total adjustments	(4 469 548)	(9 795 956)	(2 982 869)
Depreciation and amortisation	1 267 910	3 750 459	761 128
Foreign exchange gain (loss)	-	(53 913)	-
Interest and profit sharing (dividend)	(26 478)	(155 921)	-
Profit (loss) on operating activity	-	-	-
Profit on sale of shares in the associate	-	-	-
Ineffective part of cash flows hedges	-	-	-
Changes in working capital	(845 780)	(1 636 480)	(767 552)
Change in provisions	-	-	-
Change in inventories	-	-	-
Change in receivables	(1 043 454)	(3 455 922)	(1 211 487)
Change in short-term liabilities – excluding financial liabilities	192 708	1 714 944	330 118
Change in prepayments and accruals	4 966	104 498	113 817
Paid income tax	(4 865 200)	(11 700 100)	(2 976 445)
Other adjustments	-	-	-
Net cash flows from operating activity	**13 755 751**	**61 189 365**	**14 682 423**
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenses on acquisition of intangible and tangible assets	(2 691 234)	(10 708 238)	(1 485 349)
Proceeds (inflows) from sale of intangible assets	-	-	-
Expenses on acquisition of tangible fixed assets	-	-	-
Proceeds (inflows) from sale of tangible fixed assets	-	6 014	-
Expenses on acquisition of investment property	-	-	-
Proceeds (inflows) from sale of investment property	-	-	-
Expenses on acquisition of financial assets available for sale	-	-	-
Proceeds (inflows) from sale of financial assets available for sale	-	-	-
Expenses on acquisition of financial assets intended for trading	-	-	-
Proceeds (inflows) from sale of financial assets intended for trading	-	-	-
Expenses on acquisition of subsidiaries (decreased by assets taken over)	-	-	-
Proceeds (inflows) from sale of subsidiaries	-	-	-
Loans granted	-	-	-
Repayment of granted loans and other financial assets	-	-	-
Interest received	26 478	155 921	-
Dividends received	-	-	-
Net cash flows on investment activities	**(2 664 756)**	**(10 546 303)**	**(1 485 349)**
CASH FLOWS FROM FINANCIAL ACTIVITY			
Net proceeds from issuance of shares	-	-	-
Buy back	-	-	-
Proceeds from issuance of debt securities	-	-	-
Redemption of debt securities	-	-	-
Proceeds from incurred credits and loans	-	-	-
Repayment of credits and loans	-	-	-
Payment of liabilities arising from financial leasing	-	-	-
Dividend paid	-	(48 152 500)	-

Interest paid		-	-	-
Net cash flows from financial activity		**-**	**(48 152 500)**	**-**
NET TOTAL CASH FLOWS		**11 090 995**	**2 490 562**	**13 197 074**
BALANCE CHANGE OF CASH, INCLUDING		11 090 995	2 490 562	13 197 074
- change in cash due to exchange rate gains or losses		-	53 913	-
OPENING BALANCE OF CASH		32 624 369	30 133 807	30 133 807
CLOSING BALANCE OF CASH (F +/- D), including		**43 715 364**	**32 624 369**	**43 330 881**
-with limited disposability		-	-	-

Wrocław, August 28th, 2019.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

Joanna Alwin, Financial Director

6. FURTHER INFORMATION AND EXPLANATORY NOTES

1. General

a) Information on the parent company

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

1. Interim condensed consolidated financial statement made on June 30th, 2019, which presents the total balance of assets, equity and liabilities in the amount of 75 181 921 PLN.

2. Interim condensed consolidated statement on the comprehensive/total income for the period from April 1st, 2019 until June 30th , 2019 which presents the net profit of 14 713 718 PLN and the total income of 14 832 750 PLN;

3. Interim condensed consolidated statement of changes in equity for the business period of from April 1st, 2019 until June 30th , 2019 presenting equity capital increase by amount of 14 732 750 PLN;

4. Interim condensed consolidated statement of cash flows for the period from April 1st, 2019 until June 30th , 2019 presenting an increase of net cash flows by 11 090 995 PLN;

5. Further information

b) Capital group

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

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

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

c) Composition of the Management Board and the Supervisory Board

The Management Board of the Parent Company as of the balance day and the day of approving the financial statement for publishing was composed of:
* Mariusz Ciepły – President of the Management Board
*Urszula Jarzębowska – member of the Management Board

During the reporting period the composition of the Management Board of the Parent Company did not change.

The Supervisory Board of the Parent Company as of June 30th, 2019 and as of the day of approving the financial statement was composed of:

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

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

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

f) Approval for publication
The present interim financial statement was made for the period from April 1st, 2019 until June 30th, 2019 (including the comparable data) and was approved for publishing by the Company's Management Board on August 28th, 2019.

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

The Company translated as of June 30th, 2019 its accounts presented in USD using the exchange rate of 1USD = 3,7336 PLN whereas the items of the financial statement, the total income were translated using the exchange rate of 1 USD= 3,8042.

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

a) Declaration on compliance and the basis for preparation
The present consolidated financial statement was prepared in accordance with accounting principles contained in the International Financial Reporting Standards (IFRS) which were adopted by the European Union, published and binding before March 31st, 2019.

For the present interim condensed consolidated financial statement the Group applied for the first time the following standards and amendments to the existing standards published by Council for the Financial Reporting Standards (CIFRS) and approved by EU, which were enforced in 2019:

*IFSR 16 " Leasing" ,
* Amendments to IFRS 9 "Financial Instruments".

The application of the above mentioned standards did not affect the interim condensed consolidated financial statement.

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

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

The present consolidated financial statement is presented in PLN.

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

b) Effect of amendments in the standards or interpretations

The principles (policy) of accounting used for drawing up the present consolidated financial statement for the business year ending on June 30th,2019 are coherent with the principles used for elaborating the annual consolidated financial statement for 2018/2019.

c) principles of accounting

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

Presentation of financial statements

The financial statement is presented in accordance with IAS1.

Profit and loss statement is presented in by-function format, whereas statement of cash flows is presented using an indirect method.

In case of retrospective entering of amendments to accounting principles or error adjustments, the Company presents the balance sheet additionally prepared for the beginning of the reference period.

Consolidation

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

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

The full method of consolidation means combining financial statement of a parent company and its subsidiary by summing up the full amounts, particular items of assets, liabilities, equity, revenues and expenses. In order to present the Capital Group as a single economic entity, the following exclusions are made:

* at the moment of acquiring control the company's goodwill or profit are recognised,
* non-controlling interests and shares are presented separately,
* intra Capital Group balances (revenues, expenses, dividends) are eliminated in full,
* profits or losses from intra Capital Group transactions that are recognised in the balance value of assets such as inventories and fixed assets, are eliminated. Losses from intra Group transactions are analysed in terms of asset impairment loss from the Group perspective,
* the deferred tax due to temporary differences resulting from eliminating profits and losses on intra Capital group transactions is recognised .

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

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

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

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

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

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

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

Expected useful life period for particular intangible asset groups is:

Group	Rate
R&D	20 – 30%

Maintenance cost of software incurred in the following periods is recognised as the cost of the period at the time it was incurred.
R&D investments are recognized in the profit and loss account at the moment they are incurred.

R&D expenses are recognised as intangible assets only if the criteria below are met:
* completion of an intangible asset is feasible from the technical point of view so that it can be intended for use or sale,
*The group intends to complete an asset and its use or sale,

*the group is able to use or sell the intangible asset,
* the intangible asset will bring economic benefits, and the group can prove such benefits, for example by the existence of such an item in the market or its usability for the Group needs,
* the Group is provided with technical, financial or other sources necessary for completing R&D works for a single intangible asset,
* investments made during R&D works can be fairly evaluated and assign to a particular intangible asset.

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

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

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

<u>Tangible assets</u>

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

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

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

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

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

Financial instruments

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

A financial asset or a financial liability is presented in the balance sheet when the Group becomes a party to such an instrument contract. Standardised contracts of purchase and sale of financial assets and liabilities are recognised as at the day the transaction is made.

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

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

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

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

Financial assets

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

- measured at the amortised cost,
- measured at the fair value through the other comprehensive income,
- measured at the fair value through the financial result.

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

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

Financial assets measured at the amortised cost are measured at the amount of the amortised cost using the effective interest rate method and taking into account possible write-offs for impairment loss. Trade receivables with the maturity over 12 months from the date they become due (that is, exclusive of a financing element) not transferred for factoring are not subject to discounting and are measured at the nominal value.

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

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

The effects of changes of the fair value are recognized into the other comprehensive income until the asset is not presented in a financial statement any more, when the accumulated profit/loss are recognized in the statement of the company performance results.

For the category of assets measured at the fair value through the financial result the group classifies all financial instruments that have not been classified as measured at the amortised cost or measured at the fair value through the other comprehensive income. Profit and loss on a financial asset classified as measured at the fair value through the financial result are recognized in the financial result of the period in which they were generated (including revenues from interest and dividend).

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

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

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

* trade liabilities and other liabilities

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

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

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

Equity
Share capital is presented at the nominal value of issued shares in accordance with the By-laws of the parent company and an entry in the National Court Register.
Shares of the parent company acquired and held by the parent company or consolidated subsidiaries decrease the equity. Own shares are measured at acquisition cost.
The capital from the sale of shares above their nominal value is created from the surplus of the issue price above the share nominal value decreased by the issuance cost.
The other capitals comprise retained earnings at the amount required by the Code of Commercial Companies.

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

Provisions for future operating losses are not made.

Provisions are recognised at the value of estimated investments necessary to settle the present obligation basing on the most probable evidence available on the day of preparing the consolidated financial statement , including risk and degree of uncertainty. In case money impact in time is significant, the provision amount is determined by discounting the prospected future cash flows to the current value using a discount rate reflecting current market assessments of money value in time and the possible risk related to a particular obligation. If the discounting method is applied, the increase of provisions with time is recognised as financial expenses.

If the Group expects that the expenses covered by the provision will be paid back, for example by virtue of an insurance contract, than the payment back is recognised as a separate element of assets, but only, when there is a sufficient indicator ensuring that such a payment back is likely to occur. However, the value of such an asset cannot exceed the amount of the provision.

In case outflow of resources for settling the present obligation is not possible, the contingent liability is not recognised in the balance sheet, except for contingent liabilities identified in the process of combining economic entities according to ISFR 3.
The company creates especially provisions for servers' maintenance costs due to the sale completed.

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

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

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

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

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

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

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

Interest and dividend

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

Operating expenses

Operating expenses are recognised in the profit and loss statement using the matching principle. In its consolidated financial statement the Group presents according to the respective cost centres. T

Income tax (including deferred tax)

The tax charged to the financial result comprises current tax and deferred tax, which was not recognised in other comprehensive income or directly in equity.
Current tax is determined basing on the taxable profit for a given business year. Taxable profit (loss) differs from the gross profit (loss) presented in the books due to a temporary transfer of taxable revenues and costs being the cost of obtained revenues to other periods and due to excluding revenue and expense items which will never be subject to taxation. Tax charges are computed basing on tax rates in force in a given tax year.

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

Provision for deferred tax is created from all positive temporary differences subject to taxation, whereas an asset due to deferred tax is recognised up to the value at which it is probable, that it will be possible to decrease future taxable profits by the recognised negative temporary differences. Neither an asset nor provision is recognised if the temporary difference results from the initial recognition of assets or liabilities in a transaction which is not a business combination and which at the time of its occurrence does not have an impact either on the taxable or accounting result. Provision for deferred income is not recognised on goodwill which is not subject to amortisation according to tax law.

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

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

Subjective judgement made by the Management Board and unreliability of assessments

When preparing the consolidated financial statement the Management Board of the parent company follows judgement when making estimates and assumptions that affect the applied methods and the presented amounts of assets, liabilities, equity, revenues and expenses. The actual results may differ from the estimates of the Management Board. Information on the estimates and assumptions which are significant for the consolidated financial statement are presented below.

Periods of economic useful life of fixed assets
The Management Board of the parent company verifies annually (on the balance sheet day) periods of economic useful life of fixed assets subject to amortisation. As at March 31st, 2018 the Management Board estimates, that the economic useful life periods accepted by the Group for amortisation purposes reflect the expected period of receiving economic benefits by those assets in future. However, the real periods of receiving benefits by those assets in future may differ from the assumed ones, also due to technical ageing of the assets.

Reserve and provisions
The Management Board of the parent company assesses the cost related to maintenance of servers related to the sold accesses to the offered software.

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

Impairment loss of non-financial assets
In order to determine the use value the Management Board assesses the prospected cash flows and the rate with which the cash flows are discounted to the current value. In the process of measuring the current value of the future cash flows the prospected financial results are assumed. The assumptions refer to future events and circumstances. The actually realized values may differ from the estimated ones, which in the following reporting periods may cause significant adjustments in the value of the assets of the Group.

3. Intangible assets

3.1 – Intangible assets	**As at**	**As at**
	30.06.2019	**31.03.2019**
Goodwill	-	-
Patents and licences	-	-
R&D expenses	15 308 690	13 809 233
Other intangible assets, including the value of intangible assets under implementation	-	-
TOTAL INTANGIBLE ASSETS:	**15 308 690**	**13 809 233**

3.2 Intangible assets in the reporting period from 1.04.2019 to 30.06.2019	**Goodwill**	**Patents and licences**	**R&D expenses**	**Other intangible assets**
Gross opening balance		**-**	**20 445 768**	
Acquisition	-	-	-	-
Reclassification	-	-	2 559 867	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	-	-

Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-
Gross closing balance	**-**	**-**	**23 005 634**	**-**
Opening redemption balance	**-**	**-**	**6 636 535**	**-**
Amortisation increase for the period	-	-	1 060 410	-
Reclassification	-	-	-	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	-	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-
Gross closing balance	**-**	**-**	**7 696 945**	**-**
Opening revaluation write-offs	**-**	**-**	**-**	**-**
Increase over the period	-	-	-	-
Reclassification	-	-	-	-
Decrease due to sales	-	-	-	-
Decrease due to liquidation	-	-	-	-
Transfer (reclassification) onto fixed assets intended for sale	-	-	-	-
Release of write-offs	-	-	-	-
Closing revaluation write-offs	**-**	**-**	**-**	**-**
Closing net value	**-**	**-**	**15 308 689**	**-**

The most important element of intangible assets is completed R&D related to the new versions of products offered by the Company.
Intangible assets are not in any of the presented periods subject of hedge accounting. The Group does not possess intangible assets intended for sale.
In the opinion of the Management Board the investments made on R&D did not lose their value.

4. Tangible assets

4.1 Tangible assets	**As at**	**As at**
	30.06.2019	**31.03.2019**
Land	-	-
Right to perpetual usufruct	-	-
Buildings and structures	208 436	206 936
Machinery and equipment	1 295 033	1 269 336
Vehicles	-	-
Other fixed assets	-	-
Fixed assets in the course of construction	-	53 326
Advances for fixed assets	-	-
TOTAL FIXED ASSETS:	**1 503 469**	**1 529 599**

The most important element of the other tangible assets is computer equipment. The value of the machinery purchased in the current period amounted to 174 thousand PLN. As at June 30th,2019 there were no significant liabilities related to the purchase of fixed assets.

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

4.2 Tangible fixed assets in the reporting period from 1.04.2019 to 30.06.2019	Land	Right to perpetual usufruct	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets in the course of construction, advance payments
Opening gross balance	**-**	**-**	**413 873**	**2 766 523**	**-**	**-**	**53 326**
Carried from fixed assets under construction	-	-	-	-	-	-	-
Direct acquisition	-	-	6 860	174 509	-	-	-
Reclassification	-	-	53 326	-	-	-	(53 326)
Increase due to combination of businesses	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing balance	**-**	**-**	**474 059**	**2 941 032**	**-**	**-**	**-**
Opening redemption balance	**-**	**-**	**206 936**	**1 497 187**	**-**	**-**	**-**
Amortisation increase for the period	-	-	58 687	148 813	-	-	-
Increase due to combination of businesses	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing redemption balance	**-**	**-**	**265 623**	**1 646 000**	**-**	**-**	**-**
Opening revaluation write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase over the period	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Release of write-offs	-	-	-	-	-	-	-
Closing revaluation write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing net value	**-**	**-**	**208 436**	**1 295 033**	**-**	**-**	**-**

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

5. Long-term receivables

The long-term receivables as of June 30th, 2019 comprise only the deposits paid. .

6. Trade receivables and other receivables

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

Trade receivables and the other receivables are measured at the amount of the amortised cost using the effective exchange rate method and taking into account the revaluation write-offs on receivables. The accounting value of the receivables is close to their fair value. Trade receivables with maturity date of below 360 days following the date they became due are not subject to discounting.

6.1 Receivables	**30.06.2019**			**31.03.2019**		
	Value	**Revaluation write-off**	**Balance sheet value**	**Value**	**Revaluation write-off**	**Balance sheet value**
Trade receivables	1 374 686	-	1 374 686	1 179 923	-	1 179 923
Receivables due to the current income tax		-	-	-	-	-
Other receivables	10 017 191	-	10 017 191	9 092 688	-	9 092 688
- including VAT	7 642 420	-	7 642 420	3 841 435	-	3 841 435
TOTAL RECEIVABLES:	**11 391 877**	**-**	**11 391 877**	**10 272 612**	**-**	**10 272 612**

As at June 30th, 2019 the Group had no overdue receivables not covered by provisions.
The other receivables due to VAT are consistent with the current VAT declaration. The Company plans to settle these receivables with income tax payments.

7. Cash and its equivalents

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

7.1 Cash	**As at**	**As at**
	30.06.2019	**31.03.2018**
Cash in hand	-	-
Cash on bank accounts	43 528 682	32 432 542
Other cash and its equivalents	186 682	191 827
TOTAL CASH:	**43 715 364**	**32 624 369**
- including cash of restricted access funds	-	-

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

7.2 Cash- currency structure	**As at**	**As at**
	30.06.2019	**31.03.2018**
Cash in PLN	34 924 531	18 467 760
Cash in USD	8 790 833	14 156 609
Cash in EUR	-	-
TOTAL CASH:	**43 715 364**	**32 624 369**

8. Prepayments and accruals

Long term prepayments and accruals mainly refer to uncompleted R&D.
Short-term prepayments and accruals refer to expenses settled over time.

9. Equity

9.1 Share capital

SHARE CAPITAL (STRUCTURE) – 30.06.2019								
	Share type	**Type of share preference**	**Type of share right limits**	**Number of shares (in thousand items)**	**Series/issuance value by nominal value**	**Method of capital payment**	**Registration date**	**Dividend entitlement**
Series A	Ordinary bearer's	no	no	25 000,00	500 000	Contribution in cash	18.12.2013	According to KSH
Series B	Ordinary bearer's	no	no	750	15 000	Contribution in cash	18.12.2013	According to KSH
Total shares				**25 750,00**				
Total share capital					**515 000**			
Nominal value of a single share= 0,02 PLN								

Capital ownership structure as of June 30th, 2019 and on the day of preparing the present financial statement:

Shareholders	**Capital share as of 31.03.2019**	**Capital share as of 30.06.2019**	**Capital share on the day of drawing up the financial statement**
Nationale-Nederlanden PTE	5,94%	5,94%	5,82%
Aviva OFE Aviva Santander	6,18%	6,18%	6,55%
Shareholders' Agreement including above 5 % of the Company's equity	47,10%	47,10%	47,10%
Mariusz Ciepły	15,57%	15,57%	15,57%
Maciej Jarzębowski	11,69%	11,69%	11,69%
Jakub Sitarz	11,69%	11,69%	11,69%
Others	40,78%	40,78%	40,53%
TOTAL	100%	100%	100%

9.2 Supplementary capital

Supplementary capital was formed by retaining a part of the Company's profits from previous years. The Company divided the previous year result according to the requirements defined in art. 347 § 4 in the code of commercial companies.

9.3 Undistributed result from previous years

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

9.4 Dividends paid

By virtue of the resolution adopted by the General Meeting of Shareholders of August 7th, 2019 the net profit of the parent company for 2018/2019 was allocated to:

- payment of dividend – 50 212 500,00 PLN
- increasing supplementary capital – 6 771 413,68 PLN

10. Trade and other liabilities

10.1 Trade and other short-term liabilities	As at 30.06.2019	As at 31.03.2019
Trade liabilities	4 530 173	4 323 670
Taxes	1 289 002	2 642 621
Payroll	-	-
Other taxation, custom duties and social insurance	-	-
Accruals and other liabilities	184 728	198 523
TOTAL SHORT-TERM LIABILITIES:	**6 003 904**	**7 164 814**

Trade liabilities also comprise provision for assessment of the cost of maintenance of the necessary servers that amounts to 2 509 865,38 PLN (in the previous year the figure was 2 095 841,31 PLN).

10.2 Liabilities as at 30.06.2019– age structure	Current	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1 year to 5 years	Total
Trade liabilities	4 530 173	4 530 173				4 530 173
Due to current income tax	1 289 002	1 289 002				1 289 002
Payroll	-					-
Other taxation, custom duties and social insurance	-	-				-
Accruals and other liabilities	184 728	184 728				184 728
TOTAL	**6 003 904**	**6 003 904**	**-**	**-**	**-**	**6 003 904**

100% of liabilities are denominated in PLN.

10.3 Liabilities – currency structure	30.06.2019		31.03.2019	
	in foreign currencies	in PLN after translation	in foreign currencies	in PLN after translation
PLN	5 549 103	5 549 103	6 354 081	6 354 081
EUR	0	0	0	0
USD	121 813	454 801	211 321	810 733
	0	0	0	0

11. Revenues from sales

11. Sales revenues (continued activity)	For period ended 30.06.2019 3 months	Fore period ended 30.06.2018 3 months
Revenues from sales of products	30 177 385	25 514 952
Revenues from sales of services	-	-
Revenues from sales of goods	-	-
Revenues from sales of materials	-	-
TOTAL SALES REVENUES	**30 177 385**	**25 514 952**

Due to a uniform character of its operations the Company does not identify operating segments. Over 95% of the consolidated revenues from sales is generated by the Company through LiveChat Inc. in USA. They comprise 1,3,6 and 12 months' licences for LiveChat products in B2B segment. The sales are based on fixed prices.
The Company does not have significant long-term sales contracts. A single sale is entered into the books at the time of payment for the sale of a license, so there is no risk related to a deferred payment. Owing to the above there are no assessments of revenues valuation.
The right to return occurs rather rarely in a changed form. The unused part of the license can be changed, however, it cannot be given back. It is also not possible to return the used license part.

12. Operating expenses

Cost by nature	For 3 months' period ended 30.06.2019	For 3 months' period ended 30.06.2018
Amortisation	1 267 908	761 128
Energy and materials used	195 905	196 865
External services	8 909 570	6 168 415
Taxes and charges	12 432	-
Cost of employee benefits	489 794	202 116
Other cost by nature	1 104 024	855 515
Value of materials and goods sold	-	-
Exchange rate differences related to the operating activity	-	(283 036)
TOTAL COST BY NATURE	**11 979 633**	**7 901 003**
Adjustments:		
Change in stock	-	-
Own cost of sales	4 728 394	4 007 265
Cost of sales	3 903 559	1 945 360
Administrative expenses	3 347 679	1 948 377
TOTAL OPERATING EXPENSES	**11 979 633**	**7 901 003**

13. Other operating income and expenses

The other operating expenses basically comprise the revenues from sublease.

14. Financial income and costs

Financial income consists only of the obtained interest on bank deposits .
Financial costs were not present in the period under analysis.

15. Deferred and income tax

	01.04.2019 - 30.06.2019	01.04.2018 - 30.06.2018
Gross figure	18 225 298,60	17 629 839
Temporary and fixed differences	792 878,88	726 364,97
Taxable base	19 018 177,48	18 356 203,88
Income tax	3 511 581	3 486 913

The difference between the value of the income tax presented above and the amount of the tax indicated in the consolidated statement note on comprehensive income is a change in the deferred tax status.
The deferred tax was calculated only basing on temporary differences between the tax and balance valuation.
As of the balance day June 30th,2019 the Company shows an asset due to deferred income tax amounting to 555 334 PLN.

16. Financial instruments

Financial instruments by category	As at 30.06.2019		As at 31.03.2019	
	Book value	Fair value	Book value	Fair value
Financial assets	**55 107 241**	**55 107 241**	**42 896 981**	**42 896 981**
Assets measured at fair value through financial result	-	-	-	-
Financial assets measured at the amortised cost	55 107 241	55 107 241	42 896 981	42 896 981
Assets measured at fair value through financial result	-	-	-	-
Financial liabilities	**6 003 904**	**6 003 904**	**7 164 814**	**7 164 814**
Liabilities measured at amortised cost	6 003 904	6 003 904	7 164 814	7 164 814

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

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

Name and surname	01.04.2019 – 30.00.2019	01.04.2018 – 30.06.2018
Mariusz Ciepły	135 000,00	54 000,00
Urszula Jarzębowska	90 000,00	36 000,00
Razem	**225 000,00**	**90 000,00**

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

Remuneration to the Supervisory Board
Members of the Supervisory Board did not receive any remuneration.

Other benefits and unsettled loans and advance payments of the key managing staff
not present

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

18. Contingent items, other off-balance sheet items and tax settlements
There were no such items.

19. Employment

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

Average employment by job positions	For the period ended	For the period ended
	31.03.2019	31.03.2019
Physical workers	-	-
Office workers	146	131
Total number of job positions	**146**	**131**

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

In the opinion of the Company's Management Board in the period from April 1st, 2019 until June 30th, 2019 there were no major events of non-typical character having an impact on the financial results generated by the Group.

21. Events after the balance sheet date
such events did not occur

22. Transactions with related parties

Consolidated entities	Receivables	Liabilities	Sales	Purchase
LiveChat, Inc	8 868 173,63	-	30 150 384,33	5 508 622,00

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

23. Cyclicality and seasonality of the activities run
No cyclicality or seasonality of the sales can be observed in the capital group.

24. Remuneration of an auditor

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

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

In the reporting period the Company did not pay any remuneration to the auditor.

25. Objective and principles of risk management

The main financial instruments used by the entity and its subsidiaries are cash and short-term deposits. The main objective of those financial instruments is optimization of the financial result of the Group and securing exchange rate risk. The group also has other financial instruments, such as trade receivables and liabilities, which become due in the course of the operations carried out.

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

24.1 Foreign exchange risk

Since over 95% of the sales is performed in USD the Group is exposed to foreign exchange risk due to the transactions made.

In the business year 1.04.2018 until 31.03.2019 the Group did not secure (hedge) its sales denominated in foreign currencies (similarly as in the previous years).

In order to decrease foreign exchange risk the parent company's Management Board exchanges the received USD into Polish zloty.

The Management Board regularly monitors USD exchange rate and adapts its price policy thereto.

24. 1 Interest rate risk

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

24.3 Price risk

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

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

24.4 Credit risk

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

The share of customers to whom merchandise credit is granted is hardly 3%.

The Management Board of the parent company regularly monitors credit risk of its contracting parties.

24.5 Risk related to liquidity

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

Wrocław, August 28th , 2019

Mariusz Ciepły, President of the Management Board

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