



LiveChat Software S.A. Group of Companies

Annual consolidated financial statements for
the period

from 1 April 2020 to 31 March 2021

Prepared in accordance with the International Financial Reporting Standards

Wrocław, 25 June 2021

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LIVECHAT Software S.A. Group of Companies

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All figures are expressed in PLN (unless stated otherwise).

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1. SELECTED FINANCIAL DATA

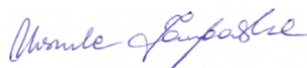
Specification	PLN thousand		EUR thousand	
	for the period of 12 months ended 31 March 2021	for the period of 12 months ended 31 March 2020	for the period of 12 months ended 31 March 2021	for the period of 12 months ended 31 March 2020
Consolidated statement of comprehensive income				
Net revenues from sales of products, merchandise and materials	179 010	130 867	39 621	30 279
Profit (loss) on operating activity	107 113	81 923	23 708	18 955
Gross profit (loss)	107 104	81 877	23 706	18 944
Net profit (loss)	100 160	76 119	22 169	17 612
Profit (loss) per ordinary share (in PLN/EUR)	3,89	2,96	0,86	0,68
Number of shares (in thousand items)	25 750	25 750	25 750	25 750
Consolidated cash flow statement				
Net cash flows from operating activity	106 494	75 817	23 570	17 542
Net cash flows from investing activity	(13 788)	(17 468)	(3 052)	(4 042)
Net cash flows from financing activity	(72 154)	(52 292)	(15 970)	(12 099)
Net cash flows, in total	20 551	6 057	4 549	1 401
Specification	PLN thousand		EUR thousand	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Consolidated statement of financial position				
Total assets	122 318	87 629	26 247	19 249
Liabilities and provisions for liabilities	14 948	8 948	3 208	1 966
Long-term liabilities	1 536	2 339	330	514
Short-term liabilities	13 412	6 609	2 878	1 452
Equity	107 370	78 681	23 039	17 284
Share capital	515	515	111	113
Book value per share (in PLN/EUR)	4,17	3,06	0,89	0,67
Number of shares (in thousand items)	25 750	25 750	25 750	25 750

PLN/EUR exchange rate	1 April 2020 – 31 March 2021	1 April 2019 – 31 March 2020
For the figures in the statement of financial position	0,2146	0,2197
For the figures in the statement of comprehensive income and in the cash flow statement	0,2213	0,2314
The highest rate for the period	0,2146	0,2365
The lowest rate for the period	0,2280	0,2172

Wrocław, 25 June 2021



Mariusz Cieply
Chief Executive Officer



Urszula Jarzembowska
Member of the Management Board



Joanna Alwin
Chief Financial Officer

LIVECHAT Software S.A. Group of Companies


Consolidated Financial Statements for the financial year ended 31 March 2021

All figures are expressed in PLN (unless stated otherwise).

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

Specification	Note	As at:		
		31 March 2021	31 March 2020	
			Restated comparable data	Comparable data
NON-CURRENT ASSETS		37 168 459	33 071 399	33 071 399
Property, plant and equipment	1	3 657 319	4 321 082	4 321 082
Investment property		-	-	-
Goodwill		-	-	-
Intangible assets	2	33 083 172	28 422 501	26 528 261
Shares		-	-	-
- of which: investments accounted for using the equity method		-	-	-
Long-term receivables	3	181 915	181 915	181 915
Other long-term financial assets		-	-	-
Deferred income tax assets	14	244 043	145 902	145 902
Long-term prepayments	4	2 011	-	1 894 240
CURRENT ASSETS		85 149 683	54 557 415	54 557 415
Inventories		-	-	-
Accounts receivable	5	802 439	485 832	485 832
Current income tax receivables		-	-	-
Other receivables	5	25 005 547	15 329 346	15 329 346
Other financial assets		-	-	-
Cash and cash equivalents	6	59 233 049	38 681 765	38 681 765
Prepayments	4	108 648	60 472	60 472
Assets classified as held for sale		-	-	-
Property, plant and equipment classified as held for sale		-	-	-
Other assets classified as held for sale		-	-	-
TOTAL ASSETS		122 318 142	87 628 815	87 628 815

Wrocław, 25 June 2021

Mariusz Ciepły
Chief Executive OfficerUrszula Jarzębowska
Member of the Management BoardJoanna Alwin
Chief Financial Officer

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES AND SHAREHOLDERS' EQUITY

Specification	Note	As at:	
		31 March 2020	31 March 2020
EQUITY		107 370 057	78 680 663
Share capital	7.1.	515 000	515 000
Treasury 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.	28 547 392	16 578 404
Currency conversion differences		37 757	180 777
Revaluation reserve for employee benefits		-	-
Reserve capital		-	-
Hedging reserve		-	-
Figures recognised directly in capital, related to financial assets classified as available for sale		-	-
Advances for dividends paid	7.4.	(22 917 500)	(15 450 000)
Retained earnings (accumulated loss)	7.3.	1 027 494	737 638
Net profit (loss) for the financial year	7.4.	100 159 914	76 118 844
Equity attributable to shareholders of the parent company		107 370 057	78 680 663
Equity attributable to non-controlling interests		-	-
LONG-TERM LIABILITIES		1 535 876	2 338 711
Deferred income tax liability	14	169	424
Provision for pension and similar benefits		-	-
Other provisions		-	-
Loans and borrowings		-	-
Other financial liabilities	8	1 535 707	2 338 287
Other long-term liabilities		-	-
SHORT-TERM LIABILITIES		13 412 209	6 609 441
Loans and borrowings		-	-
Other financial liabilities	8	802 580	826 657
Accounts payable	9	6 821 486	4 855 563
Current income tax liabilities	9	5 482 501	687 329
Provisions for pension and similar benefits		-	-
Other short-term provisions		-	-
Other liabilities	9	305 642	239 891
Deferred income		-	-
Liabilities directly connected with non-current assets classified as held for sale		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		122 318 142	87 628 815

25 June 2021



Mariusz Ciepły
Chief Executive Officer



Urszula Jarzębowska
Member of the Management Board



Joanna Alwin
Chief Financial Officer

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MULTIPLE-STEP VARIANT)

Specification	Note	for the period of 12 months ended 31 March 2021	for the period of 12 months ended 31 March 2020
Continued operations			
Revenues from sales	10	179 010 471	130 867 175
Cost of goods sold	11	27 906 611	17 459 676
GROSS PROFIT (LOSS) ON SALES		151 103 860	113 407 500
Cost of sales	11	31 617 368	19 804 242
General administrative costs	11	12 287 202	11 631 606
PROFIT (LOSS) ON SALES		107 199 291	81 971 651
Remaining operating revenues	12	30 214	12 975
Remaining operating costs	12	116 213	61 751
PROFIT (LOSS) ON OPERATING ACTIVITY		107 113 292	81 922 875
Financial revenues	13	4 734	68 682
Financial costs	13	13 668	114 071
Profit on sale of shares in an affiliate		-	-
Share in profits of affiliates		-	-
PROFIT (LOSS) BEFORE TAX		107 104 358	81 877 485
Income tax	14	6 944 444	5 758 641
NET PROFIT (LOSS) ON CONTINUED OPERATIONS		100 159 914	76 118 844
Net profit (loss) on discontinued operations		-	-
NET PROFIT (LOSS)		100 159 914	76 118 844
Other comprehensive income		-	-
Other comprehensive income items that will not be reclassified into profit or loss		-	-
Actuarial gains and losses		-	-
Effects of revaluation of non-current assets		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income items that, after meeting certain requirements, will be reclassified into profit or loss		(143 020)	236 136
Hedge accounting		-	-
Exchange rate differences from conversion of foreign entities		(143 020)	236 136
Effects of measurement of available-for-sale financial assets		-	-
Share in other income of affiliates		-	-
Income tax on other comprehensive income		-	-
Total other comprehensive income		(143 020)	236 136
Total comprehensive income		100 016 894	76 354 980

Wroclaw, 25 June 2021



Mariusz Cieply
Chief Executive Officer



Urszula Jarzewska
Member of the Management Board



Joanna Alwin
Chief Financial Officer

5. NET EARNINGS PER ORDINARY SHARE (PLN)

Earnings per share (in PLN per share)		for the period of 12 months ended 31 March 2021	for the period of 12 months ended 31 March 2020
From continued and discontinued operations			
Ordinary		3,89	2,96
Diluted		3,89	2,96
From continued operations			
Ordinary		3,89	2,96
Diluted		3,89	2,96
Net profit (loss) on continued and discontinued operations		100 159 914	76 118 844
Net profit (loss) on continued operations		100 159 914	76 118 844
Weighted average number of ordinary shares		25 750 000	25 750 000
Weighted average diluted number of ordinary shares		25 750 000	25 750 000

Ordinary profit on continued operations per share is calculated as the quotient of profit on continued operations attributable to ordinary shareholders of the Parent Company and weighted average number of issued ordinary shares in the financial year.

Diluted profit on continued operations per share is calculated as the quotient of profit on continued operations attributable to ordinary shareholders of the 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 financial year (adjusted for the effect of diluting options and diluting redeemed preference shares converted into ordinary shares).

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY for the period of 12 months ended 31 March 2021	Share capital	Supplementary capital	Exchange rate differences from conversion of a subsidiary	Retained earnings	Total equity
Equity as at 1 April 2020	515 000	16 578 404	180 777	61 406 482	78 680 663
Changes of accounting policies	-	-	-	-	-
Settlement of the subsidiary's result	-	-	-	-	-
Balance after changes	515 000	16 578 404	180 777	61 406 482	78 680 663
Issuance of shares	-	-	-	-	-
Transfer of net result	-	-	-	15 450 000	15 450 000
Transfer of financial result to equity	-	11 968 988	-	(11 968 988)	-
Dividends paid	-	-	-	(86 777 500)	(86 777 500)
Redemption of treasury shares	-	-	-	-	-
Total transactions with owners	-	11 968 988	-	(83 296 488)	(71 327 500)
Net profit (loss) for the period:	-	-	-	100 159 914	100 159 914
Other comprehensive income:	-	-	-	-	-
Revaluation of fixed tangible assets	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-
Cash flow hedges	-	-	-	-	-
Exchange differences from measurement of entities operating abroad	-	-	(143 020)	-	(143 020)
Exchange differences transferred to the financial result – sale of foreign entities	-	-	-	-	-
Actuarial gains and losses	-	-	-	-	-
Share in other comprehensive income of entities measured using the equity method	-	-	-	-	-
Income tax on items of other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(143 020)	100 159 914	100 016 894
Transfer to retained earnings (sale of revaluated fixed tangible assets)	-	-	-	-	-
Equity as at 31 March 2021	515 000	28 547 392	37 757	78 269 909	107 370 057

LIVECHAT Software S.A. Group of Companies

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All figures are expressed in PLN (unless stated otherwise).

STATEMENT OF CHANGES IN EQUITY for the period of 12 months ended 31 March 2020	Share capital	Supplementary capital	Exchange rate differences from conversion of a subsidiary	Retained earnings	Total equity
Equity as at 1 April 2019	515 000	9 806 990	(55 360)	44 078 637	54 345 268
Changes of accounting policies	-	-	-	-	-
Settlement of the subsidiary's result	-	-	-	-	-
Balance after changes	515 000	9 806 990	(55 360)	44 078 637	54 345 268
Issuance of shares	-	-	-	-	-
Transfer of net result	-	-	-	13 905 000	13 905 000
Transfer of financial result to equity	-	6 771 414	-	(6 771 414)	-
Dividends paid	-	-	-	(65 924 585)	(65 924 585)
Redemption of treasury shares	-	-	-	-	-
Total transactions with owners	-	6 771 414	-	(58 790 999)	(52 019 585)
Net profit (loss) for the period:	-	-	-	76 118 844	76 118 844
Other comprehensive income:	-	-	-	-	-
Revaluation of fixed tangible assets	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-
Cash flow hedges	-	-	-	-	-
Exchange differences from measurement of entities operating abroad	-	-	236 136,00	-	236 136
Exchange differences transferred to the financial result – sale of foreign entities	-	-	-	-	-
Actuarial gains and losses	-	-	-	-	-
Share in other comprehensive income of entities measured using the equity method	-	-	-	-	-
Income tax on items of other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	236 136	76 118 844	76 354 980
Transfer to retained earnings (sale of revaluated fixed tangible assets)	-	-	-	-	-
Equity as at 31 March 2020	515 000	16 578 404	180 776	61 406 482	78 680 663

Wrocław, 25 June 2021



Mariusz Ciepły
Chief Executive Officer



Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer

7. CONSOLIDATED CASH FLOW STATEMENT

Specification	for the period of 12 months ended 31 March 2021	for the period of 12 months ended 31 March 2020
Profit (loss) before tax	107 104 358	81 877 485
Total adjustments	(610 791)	(6 060 007)
Depreciation/amortisation	9 782 381	6 489 791
Foreign exchange gains (losses)	-	(5 548)
Interest and shares in profit (dividends)	-	45 417
Profit (loss) on investing activity	-	-
Profit from sale of shares in an affiliate	-	-
Non-effective part of cash flow hedge	-	-
Changes in working capital	(8 109 718)	(4 875 735)
Change in the balance of provisions	(256)	(9 819)
Change in the balance of inventories	-	-
Change in the balance of receivables	(9 992 807)	(5 760 442)
Change in the balance of short-term liabilities, save for financial liabilities	2 031 674	573 261
Change in the balance of prepayments and accruals	(148 328)	321 265
Income tax paid	(2 149 272)	(7 713 933)
Other adjustments	(134 182)	-
Net cash flows from operating activity	106 493 567	75 817 478
Expenditures on acquisition of intangible assets and property, plant and equipment	(13 788 126)	(17 489 621)
Proceeds from sale of intangible assets	-	-
Proceeds from sale of property, plant and equipment	-	21 396
Expenditures on acquisition of investment property	-	-
Proceeds from sale of investment property	-	-
Expenditures on acquisition of available-for-sale financial assets	-	-
Proceeds from sale of available-for-sale financial assets	-	-
Expenditures on acquisition of financial assets held for trading	-	-
Proceeds from sale of financial assets held for trading	-	-
Expenditures on acquisition of subsidiaries (less cash transferred)	-	-
Proceeds from sale of subsidiaries	-	-
Loans granted	-	-
Received repayments of loans granted and other financial assets	-	-
Interest received	-	-
Dividends received	-	-
Net cash flows from investing activity	(13 788 126)	(17 468 225)

Specification	for the period of 12 months ended 31 March 2021	for the period of 12 months ended 31 March 2020
Net proceeds from issuance of shares	-	-
Acquisition of treasury shares	-	-
Proceeds from issuance of debt securities	-	-
Redemption of debt securities	-	-
Proceeds from loans and borrowings taken	-	-
Repayment of loans and borrowings	-	-

LIVECHAT Software S.A. Group of Companies

Consolidated Financial Statements for the financial year ended 31 March 2021

All figures are expressed in PLN (unless stated otherwise).

Payment of liabilities arising from financial lease agreements	(826 657)	(488 940)
Dividends paid	(71 327 500)	(51 757 500)
Interest paid	-	(45 417)
Net cash flows from financing activity	(72 154 157)	(52 291 857)
TOTAL NET CASH FLOWS	20 551 284	6 057 396
BALANCE SHEET CHANGE IN CASH, OF WHICH:	20 551 284	6 057 396
- change in the balance of cash arising from foreign exchange differences	-	(5 548)
CASH AT THE BEGINNING OF THE PERIOD	38 681 765	32 624 369
CASH AT THE END OF THE PERIOD, OF WHICH:	59 233 049	38 681 765
- of limited availability	-	-

Wrocław, 25 June 2021



Mariusz Ciepły
Chief Executive Officer

Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer

8. GENERAL INFORMATION

Information on the parent company

The consolidated financial statements of LiveChat Software S.A. Group of Companies ("Group of Companies", "Group") comprise:

- Consolidated statement of financial position as at 31 March 2021, which presents total balance of assets, liabilities and shareholders' equity in the amount of PLN 122,318,142;
- Consolidated statement of comprehensive income for the period from 1 April 2020 to 31 March 2021, which presents net profit of PLN 100,159,914 and comprehensive income of PLN 100,016,894;
- Consolidated statement of changes in equity for the period from 1 April 2020 to 31 March 2021, presenting an increase of equity by PLN 28,689,394;
- Consolidated cash flow statement for the period from 1 April 2020 to 31 March 2021, presenting an increase of net cash by PLN 20,551,284;
- Additional notes and explanations.

Group of Companies

The parent company of LiveChat Software Spółka Akcyjna Group of Companies (hereinafter referred to as the "Group of Companies", "Group") is LiveChat Software S.A. (hereinafter referred to as the "Parent Company", "Company").

The Parent Company was established by the Notarial Deed of 10 September 2007. The Parent Company is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Wrocław-Fabryczna – 6th Commercial Division with KRS No. 0000290756. The Parent Company was assigned statistical REGON number 932803200.

The Parent Company's registered office is located at al. Zwycięska 47 in Wrocław (postal code: 53-033) which is also the principal place of business of the Group of Companies.

Composition of the Management Board and the Supervisory Board

The Management Board of the Parent Company as at the balance sheet date and the date of approval of the financial statements for publication 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.

LIVECHAT Software S.A. Group of Companies

Consolidated Financial Statements for the financial year ended 31 March 2021

All figures are expressed in PLN (unless stated otherwise).

The Supervisory Board of the Parent Company as at the balance sheet date and as at the date of approval of the financial statements for publication was composed of:

- Maciej Jarzębowski – Chairperson 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.

Principal activity of the Group

The principal activity run by the Parent Company and its subsidiary is according to the Polish Classification of Businesses – 62.01.Z – Computer programming activities.

Information on the Group of Companies

The consolidated financial statements of LiveChat Software S.A. Group of Companies cover its subsidiary LiveChat Inc with its registered office at One International Place, Suite 1400, Boston, MA 02110-2619, USA, in which the Parent Company holds 100% of shares.

Approval for publication

These consolidated financial statements have been prepared for the period from 1 April 2020 to 31 March 2021 and include comparable data for the period from 1 April 2019 to 31 March 2020.

The presented financial statements were approved for publication by the Parent Company's Management Board on 25 June 2021.

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

As at 31 March 2021, balance sheet items were expressed in USD at the exchange rate of USD 1 = PLN 3.9676, and items of the statement of financial result and comprehensive income at the exchange rate of USD 1 = PLN 3.8601. The Parent Company's shares in subsidiary LiveChat Inc. were translated using the historical exchange rate of USD 1 = PLN 3.3129.

9. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES APPLIED

These consolidated financial statements are presented in PLN.

These statements were prepared assuming that the Group companies will continue as going concerns in the foreseeable future.

As at the date of signing of the financial statements, the Management Board of the Parent Company does not identify any facts or circumstances that would indicate that they may not continue as going concerns

LIVECHAT Software S.A. Group of Companies

Consolidated Financial Statements for the financial year ended 31 March 2021

All figures are expressed in PLN (unless stated otherwise).

for the period of at least 12 months from the balance sheet date as a result of voluntary or compulsory discontinuation or material limitation of operations.

The Management Board of the Parent Company analyses, on an on-going basis, the financial situation of the Group and the economic situation within the scope which might affect the financial results of the Group. The above-mentioned analyses do not indicate that there exists material operational risk and/or market risk (e.g. falling demand for solutions offered by the Group, loss of expected profitability of operating activity) which might pose a threat to the going concern assumption.

Declaration of compliance and basis for preparation, effect of changes of applied standards or interpretations

These consolidated financial statements prepared as at the balance sheet date have been prepared in accordance with the International Accounting Standards, the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union (hereinafter referred to as the "IFRS EU").

The IFRS EU comprise standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for application in the EU.

The Parent Company prepared separate financial statements as at the balance sheet date in accordance with the Accounting Act. While preparing the consolidated financial statements as at the balance sheet date, the Parent Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and approved for application in the EUR, applicable to its activity and reporting periods from 1 April 2020, i.e.:

- Changes to References to the Conceptual Framework contained in the International Financial Reporting Standards (published on 29 March 2018) – applicable to annual periods starting on 1 January 2020 or later;
- Change to IFRS 3 Business combinations (published on 22 October 2018) – applicable to annual periods starting on 1 January 2020 or later;
- Changes to IAS 1 and IAS 8: Definition of materiality (published on 31 October 2018) – applicable to annual periods starting on 1 January 2020 or later;
- Changes to IFRS 16 Leasing – simplification relating to changes arising from lease agreement in connection with COVID-19 – approved for application after 1 June 2020.

The above-mentioned changes to standards and interpretations did not apply to the Group of Companies nor had an immaterial impact on the financial situation and performance of the Parent Company and on the scope of information presented in these consolidated financial statements.

While preparing the consolidated financial statements as at 31 March 2021, the Group of Companies did not decide on early application of any standard, interpretation or change which was published but has not taken effect yet in the light of the provisions of the European Union.

According to estimates of the Parent Company early application of the above-mentioned standards, interpretations and changes to standards would not have a material effect on these financial statements.

LIVECHAT Software S.A. Group of Companies

Consolidated Financial Statements for the financial year ended 31 March 2021

All figures are expressed in PLN (unless stated otherwise).

Accounting policies

The accounting policies applied to preparation of these consolidated financial statements are coherent with the policies used for preparation of the annual consolidated financial statements for the financial year ended 31 March 2020, except for changes described below.

The Parent Company made a presentation change in respect of asset recognition. Therefore, comparable data for the preceding financial year, including restated comparable data of the statement of financial position (assets) and the notes affected by the presentation change, are presented.

A scheme of the balance sheet presentation change in the Parent Company's separate financial statements relating to recognition of costs of non-completed research and development which affected the manner of presentation of balance sheet data in the consolidated financial statements of the Group of Companies is presented below.

Place of change	Presentation in the preceding financial year	Presentation in the current financial year
<i>Separate financial statements of the Parent Company prepared in accordance with the Accounting Act</i>	<i>Long-term prepayments – other prepayments – costs of non-completed research and development</i>	<i>Intangible assets – intangible assets in progress</i>
<i>Consolidated financial statements of the Group of Companies prepared in accordance with the International Financial Reporting Standards</i>	<i>Long-term prepayments</i>	<i>Intangible assets – other intangible assets, including intangible assets in progress</i>

The statements were prepared according to the principle of historical cost.

Presentation of financial statements

The financial statements are presented in accordance with IAS 1.

The "Consolidated statement of comprehensive income" is presented in the multiple-step format, whereas the "Consolidated cash flow statement" is presented using an indirect method.

In case of retrospective introduction of amendments to accounting policies or error adjustments, the Company presents the statement of financial position additionally prepared for the beginning of the reference period.

Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of the company controlled by the Parent Company, i.e. the subsidiary, prepared as at 31 March 2021. The Parent Company is assessing whether it exercises control by applying the definition of "control" contained in IFRS 10. In accordance with the definition, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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The financial statements of the Parent Company and the subsidiary covered by the consolidated financial statements are prepared as at the same balance sheet date, i.e. 31 March 2021. Where it is necessary, adjustments are made to the financial statements of the subsidiary in order to standardise the accounting policies used by the company to adapt to the policies used by the Group of Companies.

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

The full consolidation method consists in combining financial statements of the Parent Company and its subsidiary by way of aggregating full values of particular groups of assets, liabilities, equity, revenues and costs. In order to present the Group of Companies as if it were a single business entity, the following intercompany eliminations are made:

- As at the moment of acquiring control the company's goodwill or profit are recognised,
- Non-controlling interests are determined and presented separately,
- Balances of settlements between Group companies and transactions (revenues, costs, dividends) are eliminated in full,
- Gains and losses on intragroup transactions recognised at the carrying value of such assets as inventory and fixed tangible assets are subject to elimination, Losses on intragroup transactions are analysed in terms of asset impairment from the Group's perspective,
- The deferred tax due to temporary differences resulting from eliminating profits and losses on intragroup transactions is recognised .

Foreign currency transactions

The consolidated financial statements are presented in Polish zloty (PLN) which is the Parent Company's functional currency.

Transactions expressed in currencies other than Polish zloty are converted to Polish zloty at the rate applicable at the date of the transaction (spot exchange rate).

As at the balance sheet date, 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 balance sheet items recorded at their fair value, expressed in a foreign currency, are measured at the exchange rate as at the date of fair value determination, i.e. the average exchange rate determined for a particular currency by the National Bank of Poland.

Intangible assets

Intangible assets cover patents and licences, software, research and development costs and other intangible assets that meet the criteria specified in IAS 38. The Group does not have any intangible assets with an unlimited period of use.

Intangible assets as at the balance sheet date are carried at their cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful life are amortised using straight-line method over the period of their useful economic life. Useful lives of particular intangible assets are verified annually and, if necessary, adjusted from the beginning of the following financial year.

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The annual amortisation rates for costs of completed research and development are as follows:

- 20% for LiveChat and HelpDesk solutions;
- 30% for ChatBot solution.

The period was determined on the basis of duration of projects as part of which qualifying expenditures are incurred. Measurement of research and development is the aggregate net value of invoices issued by software developers dedicated to specific solutions (products).

Costs connected with software maintenance, incurred in future periods, are recognised as period costs at the time they are incurred.

Research and development costs are recognised in the income statement at the moment they are incurred.

Expenditures directly connected with research and development are capitalised 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 use or sell it,
- The Group is capable of using or selling 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 research and development works with a view to selling or using the intangible asset,
- Expenditures incurred in the course of research and development may be reliably measured and allocated to a particular intangible asset.

Expenditures on research and development performed as part of a particular project are carried forward to the following period if they may be expected to be recovered in the future. Future benefits are assessed based on the policies set forth in IAS 36.

After initial recognition of expenditures on research and development, the historical cost method is applied, in accordance with which assets are carried at their cost less any accumulated amortisation and any accumulated impairment losses. Completed research and development is amortised using a straight-line method over the foreseen period of their economic useful life, which, on average, is 3 years.

Gains and losses arising from disposal of intangible assets are determined as the difference between net proceeds from sale and the carrying value of the intangible asset being disposed of. Such gains and losses are recognised in the financial result as other revenues or operating costs at the time the acquirer takes over control over the intangible asset in accordance with the requirements of IFRS 15. The amount of remuneration in the intangible asset disposal transaction is determined in accordance with the requirements of IFRS 15 relating to transfer pricing.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost. The purchase price is increased by any costs directly connected with the purchase and bringing the asset to the usable state and condition.

After initial recognition of property, plant and equipment, excluding land, it is then presented at its acquisition cost or manufacture cost less depreciation and impairment losses. Property, plant and

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equipment in progress is not depreciated until the construction or assembly is finished and the asset is put into operation.

Assets are depreciated using the straight-line method for the estimated period of use of a particular asset.

The annual depreciation rates applied by the Company are as follows:

- computers – 30%;
- adaptation of office space – 50%.

Depreciation starts in a month following the month in which the fixed tangible asset becomes ready for use. Economic useful lives and depreciation methods are verified once a year, resulting in an adjustment, if any, of depreciation charges in the following years.

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

A particular item of property, plant and equipment may be removed from the statement of financial position after disposal or if no economic benefits are expected from further using of such asset. Gains or losses on sale, liquidation or cessation of use of fixed tangible assets are determined as the difference between revenues from sales and the net value of such fixed tangible assets. Such gains and losses are recognised in the result as other revenues or operating costs at the time the acquirer takes over control over an item of plant, property and equipment in accordance with the IFRS requirements. The amount of remuneration in the plant, property and equipment disposal transaction is determined in accordance with the requirements of IFRS 15 relating to transfer pricing.

Financial instruments

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

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party to such instrument. Standardised transactions of purchase and sale of financial assets and liabilities are recognised as at the date of the transaction.

A financial asset is excluded from the financial statements when the rights to cash flows from the financial asset expire or when the financial asset and basically the risk and benefits resulting from this asset are transferred onto another entity.

The Group derecognises a financial liability from its statement of financial position only when it ceases to exist, that means when the obligation specified in the contract was discharged, expired or cancelled.

As at the acquisition date, the Group measures financial assets and liabilities at their fair value, i.e. usually at the fair value of payment made – in the case of an asset – or received – in the case of a liability. The Group includes the transaction costs in the initial value of all the financial assets and liabilities, except for assets and liabilities measured at their fair value through the consolidated statement of comprehensive income.

As at the balance sheet date, financial assets or liabilities are measured according to the principles shown below:

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Financial assets

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

- measured at amortised cost (applies to instruments which, in case of a pre-mature payment cause that an entity gets a smaller payment than the sum of the principal amount and interest (so-called negative compensation)),
- measured at the fair value through 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 financial assets depends on a business model of financial asset management and on the characteristics of contractual cash flows (SPPI test) for a particular financial asset.

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

Financial assets measured at amortised cost are measured at the amount of amortised cost using the effective interest rate method and taking into account any impairment losses. Accounts receivable with the maturity below 12 months from the date they arise (i.e. exclusive of a financing element) not transferred for factoring are not subject to discounting and are measured at the nominal value.

In the category of assets measured at the fair value through 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 flows due to financial assets held or due to sale of financial assets, and
- contractual conditions give the right to obtain on defined dates cash flows consisting only of the capital and interest on capital (i.e. successfully passed the SPPI test).

The effects of changes of the fair value are recognised in other comprehensive income until the asset is no longer recognised in the statement of financial position, when the accumulated profit/loss is recognised in the statement of result.

In 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 other comprehensive income.

Gains and losses on a financial asset classified as measured at the fair value through the financial result are recognised in the financial result of the period in which they were generated (including revenues from interest and dividends).

IFRS 9 offers a new approach to loss assessment with respect to financial assets measured at amortised cost. This approach is based on determining the expected losses, irrespectively of whether there were signs for impairment loss or not. Due to the specificity of the activities run (sales to counterparties with a low credit risk, the lack of impairment losses on financial assets determined on the basis of assessment made in the past, no historical significant unfulfilled liabilities, cooperation with financial institutions with

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a stable rating), the Group has not recognised in its consolidated statements any impairment losses on the grounds of expected losses, as it finds them insignificant.

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

Financial liabilities

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

- Accounts payable and other liabilities.

After initial recognition, financial liabilities are measured at amortised cost by applying the effective interest method, save for held-for-trading financial liabilities or financial liabilities measured at their fair value through profit or loss.

In the category of financial liabilities measured at their fair value through profit or loss, the Group recognises derivative instruments other than hedging instruments. Short-term accounts payable are measured at the amount due on account of insignificant discount effects.

Gains and losses on measurement of financial liabilities are recognised in profit or loss on financing activity.

Cash and cash equivalents

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

Equity

The share capital is presented at the nominal value of issued shares in accordance with the Articles of Association of the Parent Company and the entry in the National Court Register.

The Parent Company's shares which were purchased and retained by the Parent Company or consolidated subsidiaries reduce equity. Treasury shares are measured at 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 earnings retained by the Company.

Provisions, liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Date of incurring as well as the amount of the obligation may be uncertain.

Provisions are not recognised for future operating losses.

Provisions are recognised at the estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available as at the date of preparation of the consolidated financial statements, including evidence concerning risks and uncertainties. In case money impact in time is significant, the provision amount is determined by discounting the prospected future cash flows to the

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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 in the provision connected with the passing of time is recognised as financial cost.

If the Group expects the costs covered by the provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognised as a separate asset, but only when it is reasonably certain that the reimbursement will be received. However, the value of the asset may not 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 business combination according to IFRS 3.

The Parent Company recognises especially provisions for servers' maintenance costs due to sales completed.

Leasing

IFRS 16 defines rules of recognising certain leasing items in terms of measurement, presentation and disclosure of information. The basic change resulting from new regulations that concerns a lessee is stopping to divide leasing into a financial one and an operating one. According to the new rules all contracts complying with the definition of a leasing or contracts that include leasing are presented according to the model that so far has been applied to financial leasing contracts.

Implementation of the new standard has the greatest influence on presentation of a lease of building contracts that are concluded for a limited period of time and which, due to their economic contents, were qualified according to IAS 17 as operating leasing contracts. As a result, the financial statements presented by the Group did not recognise assets that were subject to such contracts.

In the current year, in compliance with the new regulations, such contracts constitute a lease and have been recognised in accordance with a uniform model of lessee accounting, which entailed recognising assets due to the right of use of buildings and liabilities thereto, which reflect the obligation to make lease payments.

The Group identified a single agreement, which according to IFRS 16, meets the criteria of a lease – a contract for a lease of the office and the registered office of the Parent Company.

The Group decided to implement the IFRS 16 standard by applying the simplified approach, namely retrospectively with a total effect of the first application of the said standard recognised on the day of its first application, namely 1 April 2019. This makes it possible to leave the comparable data unconverted and to recognise the effect of the application of the said standard as an adjustment of the opening balance of the retained earnings on the day of the first application of the standard.

As a result of following the simplified approach, the Group should apply IAS 36 on the day of the first application of IFRS 16 in order to verify the need to recognise the asset write-downs due to the right of use. For this purpose the Group also took advantage of a practical solution and applied IAS 17 for assessing whether lease contracts as of 31 March 2019 did not generate any encumbrance. The analysis made did not detect such contracts.

In the contracts classified as financial lease as of 31 March 2019 according to IAS 17, the value of the right of use was fixed at the amount equal to the value of assets subject to the lease as specified in IAS 17. The value of the lease liability as of the day of the first application (1 April 2019) is equal to the financial lease liability amount as specified in IAS 17.

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Having analysed the lease contracts, the Company's Management Board assessed that the application of the said standard did not affect the financial figures presented by the Group and there was no need to adjust the opening balance of retained earnings as at 1 April 2019.

Owing to the above, the lease liability divided into long-term and short-term liability has been recognised. Implementation of the IFRS 16 standard has a significant effect on the consolidated financial statements, because it increased the sum of assets and liabilities and thus affected some financial ratios which refer to those amounts.

Furthermore, the implementation of IFRS 16 caused an increase in depreciation cost and financial cost along with a simultaneous decrease of the cost of services (i.e. the cost of the office lease so far presented in the sales and administrative costs) thus improving EBITDA.

The Group decided to present the assets due to the right of use within the same item, within which the relevant underlying assets would be presented if they belonged to the leaseholder (Group): the right of use of office space - they are presented in the consolidated statement of financial position under *Property, plant and equipment*. Owing to the above, the lease liability divided into long-term and short-term liability has been recognised.

The effect of the application of IFRS 16 for the first time on 1 April 2019 is illustrated by the table below:

Specification	As at	Changes connected with implementation of IFRS 16 "Leasing"	As at
	1 April 2019		31 March 2019
ASSETS	65 174 209	3 653 884	61 520 326
NON-CURRENT ASSETS	22 222 541	3 653 884	18 568 657
Intangible assets	13 809 233	-	13 809 233
Property, plant and equipment	5 183 483	3 653 884	1 529 599
Long-term receivables	147 600	-	147 600
Long-term prepayments	3 082 225	-	3 082 225
CURRENT ASSETS	42 951 669	-	42 951 669
LIABILITIES AND SHAREHOLDERS' EQUITY	65 174 209	3 653 884	61 520 325
EQUITY, of which:	54 345 268	-	54 345 268
Retained earnings (accumulated loss)	737 638	-	737 638
LONG-TERM LIABILITIES, of which:	3 306 854	3 296 611	10 243
Other financial liabilities	3 296 611	3 296 611	-
SHORT-TERM LIABILITIES, of which:	7 522 087	357 273	7 164 814
Other financial liabilities	357 273	357 273	-

In the financial year 2019/2020 the Group did not identify financial lease, whereas it recognised operating lease. The lease of office space was recognised in costs (lease payments) using the linear method.

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Revenues from sales

IFRS 15 "Revenue from contracts with customers" was published by the IFRS Board on 28 May 2014 and applies to annual periods commencing on 1 January 2018 or after this date.

In accordance with IFRS 15, revenues from sales of services, less value added tax, discounts and rebates are, recognised when the obligation to perform is fulfilled by providing the counterparty with a service.

Revenues include received or due inflows of economic benefits to which the Group is entitled. Receivables from sales are amounts due or received for sales of assets and services, less applicable value added tax. The amount of revenues is determined at the fair value of payment received or due, taking into account any commercial discounts granted by the Group. Revenues from sales of services are recognised in the period in which the services were provided.

The Group's business is mostly based on retail sales to the end client (natural or legal person). When a service purchase agreement is entered into, specified goods are immediately transferred via online distribution channels at the time payment is received by the financial intermediary (payment aggregator). In the course of ongoing business of the Group, agreements are continuously entered into with end clients with the use of agreements signed remotely (i.e. acceptance of the terms of service and payment on terms and conditions defined by the Group).

According to the standard, variable amounts are not treated as revenues, unless there is a strong likelihood, that in the future they will be reversed as a result of revaluation. Recognition and revaluation in the standard are also applied to recognition and measurement of profit/loss on sale of non-financial assets, if such sale is not made in the regular course of the economic activities run.

The Group presents the recognised revenues from contracts with customers divided into categories, which reflect the way economic factors affect the nature, amount, payment date and uncertainty of revenues and cash flows.

Revenues from sales are exclusively revenues generated by contracts concluded with customers which are subject to IFRS 15. The way of treating revenues from sales in the consolidated financial statements of the Group, including the value as well as the moment of recognising the revenues, is defined by a five-stage model consisting of the following steps:

- identifying the contract with a customer,
- identifying obligations to render services,
- determining the transaction price,
- attributing the transaction price to the obligations to render services,
- recognising the revenue when performing the obligations to render services or after they have been completed.

Interest and dividends

Interest revenues are recognised progressively as they accrue in accordance with the effective interest rate method. Dividends are recognised when the shareholder's right to receive payment is established.

Operating costs

Operating costs are recognised in the income statement using the matching principle. In its consolidated financial statements, the Group presents costs according to the respective cost centres.

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Income tax (together with 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 expense is calculated based on taxable income (taxable basis) for a given financial 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 cost items which will never be subject to taxation. Tax charges are computed based on tax rates in force in a given tax year.

The Parent Company as a company that runs research and development activities gets its revenues from qualifying intellectual property rights and uses the preferential tax rate. The Company as of 22 October 2019 was granted an individual interpretation of tax law regulations concerning corporate income tax and issues related to preferential tax rates applied to income generated by intellectual property rights. In order to be eligible for the IP Box tax relief, the Company:

- divides the taxable income into income from qualifying intellectual property rights and from other sources,
- calculates the nexus ratio for income from qualifying intellectual property rights according to the rules defined in the Corporate Income Tax Act,
- the nexus ratio is used for computing the amount of tax for each income source.

Deferred income tax is calculated by applying the balance sheet method as tax payable or refundable in the future on differences between the carrying values of assets, liabilities and shareholders' equity and the corresponding tax values used for calculation of the taxable basis.

Deferred income tax liability is recognised on all positive taxable temporary differences and deferred income tax assets are recognised up to the amount in which it is probable that future tax gains may be reduced by 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. Deferred income tax liabilities are not recognised for goodwill which is not subject to amortisation under the provisions of tax law.

Deferred income tax is calculated with the use of tax rates which will be applicable when the asset is recovered or the liability is settled, based on legal provisions applicable as at the balance sheet date.

The value of deferred income tax assets is analysed as at each balance sheet date, and in case the prospected taxable profits will not be sufficient to realise the asset or its part, a relevant impairment loss is recognised.

Subjective judgement made by the Management Board and uncertainty of assessments

While preparing the consolidated financial statements, 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 costs. 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 statements is presented below.

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Judgments connected with research and development

The Group begins capitalising expenditures on research and development when it is possible to demonstrate that such works will constitute probable future economic benefits and provided that the Group has sufficient funds required for completion, use and derivation of benefits from an intangible asset. Fulfilment of both criteria, i.e. possibility to derive future economic benefits and having sufficient funds, is based on judgment of the Management Board arising from an analysis of the market and the Group's financial situation.

Recognising revenues from contracts with customers

The Company recognises revenues using the so-called five-step model provided for in IFRS 15. The revenues comprise only the amounts received or due that are equal to transaction prices the Company is entitled to after meeting (or when meeting) the obligation to render services, namely to transfer the promised goods or services (that is an asset) to the customer. The transaction price means the amount, to which, as the Company expects, the Company will be entitled to for transferring the promised goods or services, less VAT.

Periods of economic useful life of non-current assets

The Management Board of the Parent Company verifies annually (as at the balance sheet date) periods of economic useful life of non-current assets subject to amortisation. As at 31 March 2021, the Management Board estimates that the economic useful life periods accepted by the Group for amortisation purposes reflect the expected periods of receiving economic benefits from those assets in the future. However, the actual periods of receiving benefits from those assets in the future may differ from the assumed ones, also due to technical ageing of the assets.

Provisions

The Management Board of the Parent Company assesses the cost of maintenance of servers related to the sold accesses to the offered software. The cost estimates are made based on the number of customers and distribution of licences in time as well as on the costs incurred on the service maintenance. This creates the basis for computing a provision for costs necessary for correct and stable functioning of the license in future periods purchased by clients, they comprise servers costs and support care.

Deferred income tax assets

Probability of settling deferred income tax assets with future taxable profits is based on the budget of the Group companies approved by the Management Board of the Parent Company. If the projected financial results show that the Group companies will generate taxable income, deferred income tax assets are recognised in full amount.

Impairment loss on non-financial assets

In order to determine the useful value, the Management Board assesses the projected cash flows and the rate at which the cash flows are discounted to the current value. In the process of measuring the current value of future cash flows, the projected financial results are assumed. The assumptions refer to future events and circumstances. The actually realised values may differ from the estimated ones, which in the following reporting periods may cause adjustments in the value of the assets of the Group.

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Expected credit losses on financial assets

Losses relating to financial assets measured at amortised cost are assessed by determining the expected losses, independently of whether there were circumstances for impairment loss or not. Owing to the nature of the activities run (sales to customers with low credit risk, the lack of impairment losses on financial assets determined on the basis of assessments made in the past, no historical unfulfilled liabilities, cooperation with financial institutions that have a stable rating), the Group has not recognised any impairment losses in its consolidated statements on the basis of expected losses because it found them insignificant.

10. ADDITIONAL NOTES AND EXPLANATIONS**10.1 Notes to the statement of financial position****Note 1 Property, plant and equipment**

Property, plant and equipment	As at	As at
	31 March 2021	31 March 2020
Land	-	-
Right of perpetual usufruct of land	-	-
Buildings and structures	2 338 287	3 164 944
Technical equipment and machinery	1 319 032	1 156 138
Vehicles	-	-
Other fixed tangible assets	-	-
Fixed tangible assets under construction	-	-
Advances for fixed tangible assets	-	-
TOTAL PROPERTY, PLANT AND EQUIPMENT	3 657 319	4 321 082

The most important element of items other than buildings and structures is computer equipment. As at 31 March 2021, there were no significant liabilities due to the purchase of fixed tangible assets. Buildings and structures are related to expenditures incurred at the registered office of the Parent Company.

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Property, plant and equipment in the reporting period from 1 April 2020 to 31 March 2021	Buildings and structures	Technical equipment and machinery	Fixed tangible assets under construction, advances	Total property, plant and equipment
Gross balance sheet value as at the Opening Balance	4 271 991	3 257 645	-	7 529 636
Transfer from fixed tangible assets under construction	-	-	-	-
Direct acquisitions	-	862 816	-	862 816
Reclassifications	-	-	-	-
Decreases resulting from sale	-	-	-	-
Decreases resulting from liquidation	-	55 658	-	55 658
Transfer to fixed tangible assets held for sale	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-
Gross balance sheet value as at the Closing Balance	4 271 991	4 064 803	-	8 336 794
Accumulated depreciation as at the Opening Balance	1 107 047	2 101 507	-	3 208 554
Increase of depreciation for the period	826 657	690 129	-	1 516 786
Increases resulting from business combinations	-	-	-	-
Reclassifications	-	-	-	-
Decreases resulting from sale	-	-	-	-
Decreases resulting from liquidation	-	45 864	-	45 864
Transfer to fixed tangible assets held for sale	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-
Accumulated depreciation as at the Closing Balance	1 933 704	2 745 772	-	4 679 476
Value of impairment losses as at the Opening Balance	-	-	-	-
Increases during the period	-	-	-	-
Reclassifications	-	-	-	-
Decreases resulting from sale	-	-	-	-
Decreases resulting from liquidation	-	-	-	-
Transfer to fixed tangible assets held for sale	-	-	-	-
Reversal of impairment losses	-	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-	-
Net value as at the Closing Balance	2 338 287	1 319 032	-	3 657 319

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Property, plant and equipment in the reporting period from 1 April 2019 to 31 March 2020	Buildings and structures	Technical equipment and machinery	Fixed tangible assets under construction, advances	Total property, plant and equipment
Gross balance sheet value as at the Opening Balance	413 873	2 766 523	53 326	3 233 722
Transfer from fixed tangible assets under construction	-	-	-	-
Direct acquisitions	60 186	512 518	-	572 704
Reclassifications	-	-	-	-
Changes of accounting policies (IFRS 16)	3 797 933	-	-	3 797 933
Decreases resulting from sale	-	-	-	-
Decreases resulting from liquidation	-	-	-	-
Transfer to fixed tangible assets held for sale	-	21 396	53 326	74 722
Decreases and increases resulting from revaluation	-	-	-	-
Gross balance sheet value as at the Closing Balance	4 271 911	3 257 645	-	7 529 556
Accumulated depreciation as at the Opening Balance	206 936	1 497 187	-	1 704 123
Increase of depreciation for the period	267 122	622 792	-	889 914
Changes of accounting policies (IFRS 16)	632 989	-	-	632 989
Increases resulting from business combinations	-	-	-	-
Reclassifications	-	-	-	-
Decreases resulting from sale	-	-	-	-
Decreases resulting from liquidation	-	18 472	-	18 472
Transfer to fixed tangible assets held for sale	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-
Accumulated depreciation as at the Closing Balance	1 107 047	2 101 507	-	3 208 554
Value of impairment losses as at the Opening Balance	-	-	-	-
Increases during the period	-	-	-	-
Reclassifications	-	-	-	-
Decreases resulting from sale	-	-	-	-
Decreases resulting from liquidation	-	-	-	-
Transfer to fixed tangible assets held for sale	-	-	-	-
Reversal of impairment losses	-	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-	-
Net value as at the Closing Balance	3 164 944	1 156 138	-	4 321 082

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The Group implemented IFRS 16 Leasing on 1 April 2019. As a result of application of the standard as at 1 April 2019, assets in the form of the right to use office space were recognised in the consolidated statement of financial position. These assets are disclosed in the consolidated statement of financial position under *Property, plant and equipment, buildings and structures*.

Details concerning application of IFRS 16 Leasing are described in Section 8 *Basis for preparation of the financial statements and accounting policies*.

The value of the machinery and equipment purchased in the current period amounted to PLN 862,816. As at 31 March 2021, there were no significant liabilities due to the purchase of fixed tangible assets.

Note 2 Intangible assets

Intangible assets	As at		
	31 March 2021	31 March 2020	
		Restated comparable data	Comparable data
Goodwill	-	-	-
Patents and licences	-	-	-
Research and development costs	29 622 050	26 528 261	26 528 261
Other intangible assets, including intangible assets in progress	3 461 122	1 894 240	-
TOTAL INTANGIBLE ASSETS	33 083 172	28 422 501	26 528 261

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Intangible assets in the reporting period from 1 April 2020 to 31 March 2021	Goodwill	Patents and licences	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at the Opening Balance	-	-	38 131 045	1 894 240	40 025 285
Acquisition	-	-	-	-	-
Reclassifications	-	-	11 358 428	1 566 882	12 925 310
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-	-
Gross balance sheet value as at the Closing Balance	-	-	49 489 473	3 461 122	52 950 595
Accumulated amortisation as at the Opening Balance	-	-	11 602 784	-	11 602 784
Increase of amortisation for the period	-	-	8 264 639	-	8 264 639
Reclassifications	-	-	-	-	-
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-	-
Gross balance sheet value as at the Closing Balance	-	-	19 867 423	-	19 867 423
Value of impairment losses as at the Opening Balance	-	-	-	-	-
Increases during the period	-	-	-	-	-
Reclassifications	-	-	-	-	-
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-	-	-
Net value as at the Closing Balance	-	-	29 622 050	3 461 122	33 083 172

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Intangible assets in the reporting period from 1 April 2019 to 31 March 2020 (comparable data)	Goodwill	Patents and licences	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at the Opening Balance	-	-	20 445 768	-	20 445 768
Acquisition	-	-	-	-	-
Reclassifications	-	-	17 685 277	-	17 685 277
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-	-
Gross balance sheet value as at the Closing Balance	-	-	38 131 045	-	38 131 045
Accumulated amortisation as at the Opening Balance	-	-	6 636 535	-	6 636 535
Increase of amortisation for the period	-	-	4 966 249	-	4 966 249
Reclassifications	-	-	-	-	-
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-	-
Gross balance sheet value as at the Closing Balance	-	-	11 602 784	-	11 602 784
Value of impairment losses as at the Opening Balance	-	-	-	-	-
Increases during the period	-	-	-	-	-
Reclassifications	-	-	-	-	-
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-	-	-
Net value as at the Closing Balance	-	-	26 528 261	-	26 528 261

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Intangible assets in the reporting period from 1 April 2019 to 31 March 2020 (restated comparable data)	Goodwill	Patents and licences	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at the Opening Balance	-	-	20 445 768	2 608 216	23 053 984
Acquisition	-	-	-	-	-
Reclassifications	-	-	17 685 277	(713 976)	16 971 301
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-	-
Gross balance sheet value as at the Closing Balance	-	-	38 131 045	-	38 131 045
Accumulated amortisation as at the Opening Balance	-	-	6 636 535	-	6 636 535
Increase of amortisation for the period	-	-	4 966 249	-	4 966 249
Reclassifications	-	-	-	-	-
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Decreases and increases resulting from revaluation	-	-	-	-	-
Gross balance sheet value as at the Closing Balance	-	-	11 602 784	1 894 240	13 497 024
Value of impairment losses as at the Opening Balance	-	-	-	-	-
Increases during the period	-	-	-	-	-
Reclassifications	-	-	-	-	-
Decreases resulting from sale	-	-	-	-	-
Decreases resulting from liquidation	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-
Value of impairment losses as at the Closing Balance	-	-	-	-	-
Net value as at the Closing Balance	-	-	26 528 261	1 894 240	28 422 501

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The most significant component of intangible assets is costs of non-completed research and development connected with subsequent versions of products offered by the Group, with the value of PLN 3,461,122 as at 31 March 2021 (as at 31 March 2020: PLN 1,894,240).

Reclassification of intangible assets in progress in the amount of PLN (713,976) relates to decreases in the value of this balance sheet item on the non-completed research and development account. The value of reclassification corresponds to the value of services which will be released to production and transformed into intangible assets. Current production release periods are 2 months.

Costs of non-completed research and development relate to products put into service, i.e. released for production, less accumulated amortisation. Such costs only include direct expenditures on services connected with development of applications, such as programming services, testing services.

In the opinion of the Management Board, there was no impairment loss on expenditures on research and development. There are no value decreases in respect of costs of non-completed research and development, because all expenditures incurred on research and development during a period of approx. 2 months are then accepted for production and released.

Intangible assets are not subject of hedge accounting in any of the presented periods. The Group does not have any intangible assets intended for sale.

Reclassifications relating to costs of research and development in the amount of PLN 17,685,277 in the preceding financial year related to expenditures (releases) on production of intangible assets of all products in the current financial year.

The table below presents the main items of research and development related to the applications.

Costs of research and development, including costs related to the following applications:	As at	As at
	31 March 2021	31 March 2020
LiveChat	25 737 639	23 076 695
ChatBot	1 085 983	1 035 343
HelpDesk	2 798 427	2 416 223
TOTAL	29 622 050	26 528 261

Note 3 Long-term receivables

Long-term receivables as at 31 March 2021 mainly relate to security deposits.

In the period from 1 April 2020 to 31 March 2021 as well as in the comparative period, the Company did not recognise any impairment losses on long-term receivables.

Note 4 Prepayments and accruals

Long-term prepayments	As at		
	31 March 2021	31 March 2020	
		Restated comparable data	Comparable data
Unfinished investments relating to research and development	-	-	1 894 240
Long-term prepayments	2 011	-	-
TOTAL LONG-TERM PREPAYMENTS	2 011	-	1 894 240

Short-term prepayments are related to costs accounted for over time.

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Note 5 Accounts receivable and other receivables

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

Accounts receivable and other receivables are measured at the amount of the amortised cost using the effective exchange rate method and taking into account impairment losses on receivables. The book value of receivables is close to their fair value.

Accounts receivable with maturity date of below 360 days following the date they occur are not subject to discounting.

Receivables	31 March 2021			31 March 2020		
	Value	Impairment losses	Balance sheet value	Value	Impairment losses	Balance sheet value
Accounts receivable	802 439	-	802 439	485 832	-	485 832
Other receivables	25 005 547	-	25 005 547	15 329 346	-	15 329 346
- of which tax receivables	24 932 721	-	24 932 721	15 329 346	-	15 329 346
TOTAL RECEIVABLES:	25 807 986	-	25 807 986	15 815 178	-	15 815 178

As at 31 March 2021, the Group did not have any overdue receivables.

Note 6 Cash and cash equivalents

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

Cash	As at	As at
	31 March 2021	31 March 2020
Cash at hand	-	-
Cash in bank	59 220 663	38 461 491
Other cash and cash equivalents	12 385	220 274
TOTAL CASH:	59 233 049	38 681 765
- including cash of limited availability	-	-

Cash in foreign currencies is measured as at the balance sheet date according to the average currency exchange rate for a particular currency determined by the National Bank of Poland.

Cash – monetary structure	As at	As at
	31 March 2021	31 March 2020
Cash in PLN	56 509 301	36 834 899
Cash in USD	2 723 748	1 846 865
Cash in EUR	-	-
TOTAL CASH:	59 233 049	38 681 765

Note 7 Equity

7.1. Share capital

SHARE CAPITAL (STRUCTURE) – 31 March 2021								
Name of series	Type of shares	Type of share preference	Type of share right limits	Number of shares (in thousand items)	Nominal value of series / issue	Payment method	Date of registration	Right to dividend (since)
A series	ordinary bearer shares	None	none	25 000	500 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
B series	ordinary bearer shares	None	none	750	15 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
Total number of shares (in thousand items)				25 750				
Total share capital (PLN)					515 000			
Nominal value of 1 share = PLN 0.02								

SHARE CAPITAL (STRUCTURE) – 31 March 2020								
Name of series	Type of shares	Type of share preference	Type of share right limits	Number of shares (in thousand items)	Nominal value of series / issue	Payment method	Date of registration	Right to dividend (since)
A series	ordinary bearer shares	None	None	25 000	500 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
B series	ordinary bearer shares	None	None	750	15 000	cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
Total number of shares (in thousand items)				25 750				
Total share capital (PLN)					515 000			
Nominal value of 1 share = PLN 0.02								

People who are entitled to dividend are people who on the dividend day will have shares of LIVECHAT Software Spółka Akcyjna on a securities account. The Parent Company's shareholders are entitled to dividend from the net profit presented in the statements of LIVECHAT Software Spółka Akcyjna in the amount fixed by the General Annual Meeting of Shareholders. A single ordinary share entitles to cast one vote.

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A series shares:

A series shares are shares issued in relation to the transformation of "LIVECHAT" Spółka z ograniczoną odpowiedzialnością, the legal predecessor of the Issuer, into LiveChat Spółka Akcyjna. The transformation was adopted by the resolution of the General Meeting of Shareholders of "LIVECHAT" Spółka z ograniczoną odpowiedzialnością of 10 January 2007. The resolution was recorded by Marek Leśniak, notary of Kancelaria Notarialna Leśniak i Kawecka-Pysz Spółka partnerska with its registered office in Wrocław, Roll of Deeds A No. 1324/2007. The transformation was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register of 16 October 2007.

At the time of transformation the Issuer's share capital amounted to PLN 500,000 and was divided into 5,000,000 A series ordinary bearer's shares with the nominal value of PLN 0.10 each.

On 29 November 2013, the General Meeting of Shareholders of the Issuer adopted a resolution to change the Issuer's Articles of Association, including, among other things, a stock split, fixing the nominal share value at PLN 0.02 (two grosze). The resolution was recorded by Karolina Warczak-Mańdzia, notary of Kancelaria Notarialna dr Wisława Boć-Mazur i Karolina Warczak-Mańdziak spółka cywilna with its registered office in Wrocław, Roll of Deeds A No. 12380/2013. The shares were split in the proportion of 1:5 so that each individual share of the Issuer, including each individual A series share, was split into 5 shares. The change in the Issuer's Articles of Association covering a change in the share nominal value was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, of 18 December 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 PLN 0.02 each.

B series shares:

On 26 April 2010, the General Meeting of Shareholders of the Issuer adopted a resolution to increase the Issuer's share capital by the amount of PLN 15,000 through B series bearer's shares waiving the pre-emptive right of the Company's current shareholders as well as to amend the Company's Articles of Association. By virtue of the said resolution the General Meeting of Shareholders decided to increase the share capital by PLN 15,000 by issuing 150,000 B series ordinary bearer's shares with the nominal value of PLN 0.10. The series B shares were subscribed for in full by Mariusz Ciepły and paid for by way of cash contribution in the amount of PLN 15,000. The issue price of series B shares was 0.10 PLN per share.

On 29 November 2013, the General Meeting of Shareholders of the Issuer adopted a resolution to change the Issuer's Articles of Association, including, among other things, a stock split, fixing the nominal share value at PLN 0.02 (two grosze). The resolution was recorded by Karolina Warczak-Mańdziak, notary of Kancelaria Notarialna dr Wisława Boć-Mazur i Karolina Warczak-Mańdziak spółka cywilna with its registered office in Wrocław, Roll of Deeds A No. 12380/2013. The shares were split in the proportion of 1:5 so that each individual share of the Issuer, including each individual B series share, was split into 5 shares. The change in the Issuer's Articles of Association covering a change in the share nominal value was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, of 18 December 2013. As a result of the above-

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mentioned registration, B series shares comprise 750,000 ordinary bearer's shares with the nominal value of PLN 0.02 each.

Shareholder	Share in the capital as at 31 March 2021	Share in the capital as at 31 March 2020	Share in the capital as at the date of preparation of the financial statements
Nationale-Nederlanden PTE	6,18%	6,18%	6,18%
Aviva OFE Aviva Santander	7,40%	6,55%	7,40%
Shareholders' Agreement, including over 5% of the capital:	41,90%	47,00%	41,90%
<i>Mariusz Ciepły</i>	13,07%	15,57%	13,07%
<i>Maciej Jarzębowski</i>	9,19%	11,69%	9,19%
<i>Jakub Sitarz</i>	11,69%	11,69%	11,69%
Others	44,52%	40,27%	44,52%
TOTAL	100%	100%	100%

7.2. Supplementary capital

The supplementary capital was created when the Company retained a part of its earnings from previous years. The Company made a distribution of the previous year's result according to Section 347(4) of the Code of Commercial Companies and Partnerships.

7.3. Retained earnings (accumulated loss)

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

7.4. Dividends paid

By virtue of the resolution adopted by the General Meeting of Shareholders of 18 August 2020, net profit of the Parent Company for 2019/2020 was allocated to:

- payment of dividends to shareholders in the amount of PLN 63,860,000.00 which means that dividend per share will be PLN 2.48 (the dividend payment date was scheduled for 1 September 2020);
- increasing supplementary capital of the Parent Company – PLN 11.968.987.97.

Note 8 Lease liabilities

On 2 August 2017, the Parent Company and Zwycięska 45 sp. z o.o. sp. k. with its registered office in Świdnica entered into a lease agreement (hereinafter referred to as the "Agreement") regarding real property with a building used as an office by the Parent Company. The Agreement was entered into for a fixed term to 29 February 2020 and then extended by Annex No. 1 to the Agreement to 31 March 2020 and by Annex No. 2 to the Agreement to 31 March 2024.

As at 1 April 2019, the Parent Company recognised for the first time the liability under the Agreement in accordance with IFRS 16 Leasing and recognised the asset in the form of the right to use the premises. Details concerning application of IFRS 16 Leasing are described in Section 9 *Basis for preparation of the financial statements and accounting policies*.

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Long-term liabilities include other financial liabilities related to the lease liability recognised in accordance with IFRS 16 in relation to the Agreement and amounting to PLN 1,535,707.03. The financial liability of PLN 802,579.77 refers to the short-term part of the lease liability under the Agreement.

Note 9 Accounts payable and other liabilities

Accounts payable and other short-term liabilities	As at	As at
	31 March 2021	31 March 2020
Accounts payable	6 821 486	4 855 563
Current income tax liabilities	5 482 501	687 329
Liabilities due to salaries and wages	-	-
Other financial liabilities	802 580	826 657
Liabilities due to other taxes, customs duties and social insurance	-	-
Accruals and other liabilities	305 642	239 891
TOTAL SHORT-TERM LIABILITIES	13 412 209	6 609 441

Short-term liabilities as at 31 March 2021 – aging structure	Current	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	Total
Accounts payable	6 821 486	6 820 156	1 330		6 821 486
Current income tax liabilities	5 482 501	5 482 501			5 482 501
Liabilities due to salaries and wages	-	-			-
Financial liabilities	802 580		202 885	599 695	802 580
Liabilities due to other taxes, customs duties and social insurance	-	-			-
Accruals and other liabilities	305 642	305 642			305 642
Total	13 412 209	12 608 299	204 214	599 695	13 412 209

Short-term liabilities – currency structure	31 March 2021		31 March 2020	
	in currency	in PLN after conversion	in currency	in PLN after conversion
PLN	13 049 485	13 049 485	6 425 840	6 425 840
EUR	-	-	-	-
USD	91 422	362 724	44 277	183 601
Total	-	13 412 209	-	6 609 441

Almost all liabilities are denominated in PLN. Accounts payable also include a provision for estimated cost of maintenance of servers amounting to PLN 3,113,400.

Change in the balance of the provision for maintenance of servers	For the period ended	For the period ended
	12 months	12 months
	31 March 2021	31 March 2020
As at the Opening Balance	2 259 619	2 095 841
Recognition of the provision during the financial year	853 781	179 320
Use of provision	-	-
Reversal of provision	-	(15 542)
As at the Closing Balance	3 113 400	2 259 619

10.2. Notes to the statement of comprehensive income

Note 10 Revenues from sales

The business of the Group of Companies is based on production and distribution of communication software for businesses. The Management Board does not distinguish separate business segments meeting the definition of Article 5 of IFRS 8, including revenues, costs, assets and liabilities for which separate financial information would be prepared and on the basis of which decisions relating to allocation of resources were made by the main body responsible for operating decisions.

Revenues from sales (continued operations)	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Revenues from sales of products	179 010 471	130 867 175
Revenues from sales of services	-	-
Revenues from sales of merchandise	-	-
Revenues from sales of materials	-	-
TOTAL REVENUES FROM SALES	179 010 471	130 867 175

The Group of Companies generates revenues as part of production lines which represent the main products supplied by the Group of Companies.

Revenues from sales (product line), of which:	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
LiveChat	170 639 297	128 449 908
ChatBot	7 102 308	2 292 796
HelpDesk	1 268 866	23 659
TOTAL REVENUES FROM SALES	179 010 471	130 867 175

Almost 95% of the consolidated revenues from sales are generated by the Group through its subsidiary in the USA. They comprise 1, 3, 6 and 12 months' licences for LiveChat products in B2B segment. The sales are based on fixed prices. The remaining consolidated revenues from sales are generated, among other things, from rental of office space and sales of non-financial non-current assets.

Revenues from sales (geographical structure)	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Poland	73 928	100 813
Other	178 936 544	130 766 362
TOTAL REVENUES FROM SALES	179 010 471	130 867 175

The Group does not have any significant long-term sales contracts. A single sale is entered in 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 estimates in measurement of revenues from sales.

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.

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Note 11 Costs of operating activity

Costs by type	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Depreciation/amortisation	9 782 381	6 489 791
Consumption of materials and energy	270 047	774 976
Third party services	53 828 652	36 989 089
Taxes and charges	618	36 520
Costs of employee benefits	2 713 813	2 057 764
Other prime costs	2 810 226	3 362 484
Value of merchandise and materials sold	-	-
Foreign exchange differences relating to operating activity	2 405 443	(815 101)
TOTAL COSTS BY TYPE	71 811 180	48 895 524
Adjustments:		
Change in the balance of products	-	-
Cost of goods sold	27 906 611	17 459 676
Cost of sales	31 617 368	19 804 242
General administrative costs	12 287 202	11 631 606
TOTAL OPERATING COSTS	71 811 180	48 895 524

Note 12 Other operating revenues and costs

Other operating revenues refer mainly to revenues from sublease (insignificant amounts from the point of view of the consolidated financial statements). The sublease contract was entered into on 2 November 2009 and concerns making a workplace available.

Note 13 Financial revenues and costs

Financial revenues	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Interest	4 734	68 654
Excess of positive foreign exchange translation differences over negative foreign exchange translation differences	-	27
Gain on disposal of shares and other securities	-	-
Dividends received	-	-
Reversal of impairment losses on financial assets	-	-
Other	-	-
TOTAL FINANCIAL REVENUES	4 734	68 682

Financial costs	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Interest	13 668	114 071
Excess of negative foreign exchange differences over positive foreign exchange differences	-	-
Gain on disposal of shares and other securities	-	-
Dividends received	-	-
Reversal of impairment losses on financial assets	-	-
Other	-	-
TOTAL FINANCIAL COSTS	13 668	114 071

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Note 14 Income tax and deferred tax

	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Income tax reported in the statement of comprehensive income		
Current income tax	7 042 841	5 441 410
Relating to the financial year	7 042 841	5 441 410
Deferred income tax	-98 397	317 231
Connected with origination and reversal of temporary differences	-98 397	317 231
Tax charge reported in the consolidated statement of comprehensive income	6 944 444	5 758 641

Reconciliation of gross profit to taxable basis is presented below.

Specification	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Profit (loss) before tax	107 104 358	81 877 485
Differences between profit (loss) before tax and the taxable basis	2 332 937	2 390 460
Taxable income, of which:	109 437 296	84 267 945
- income tax calculated on the basis of the rate applied (both current and deferred tax)	6 944 444	5 758 641
- income tax calculated on the basis of the rate applied, of which:	6 944 444	5 758 641
<i>income tax at the rate of 5% (IP Box)</i>	4 897 220	3 789 282
<i>income tax at the rate of 19%</i>	2 047 224	1 969 359

In the financial years 2019/2020 and 2020/2021, the Parent Company applied the so-called IP Box relief. This relief means application to income generated from qualified property rights of the rate of 5% instead of the standard rate of 19%. However, the provisions concerning corporate income tax frequently change and, as a result, it is difficult to refer to fixed regulations or legal precedents.

In addition, the applicable provisions contain ambiguities which result in different opinions on legal interpretation of tax provisions, both between various state authorities and between state authorities and entrepreneurs.

Tax and other settlements can be audited by entities which are entitled to impose high fines, and additional liabilities identified during an audit must be paid together with high interest. As a result of those circumstances, tax risk in Poland is higher than the one that usually exists in other countries where the tax system is well developed. Tax settlements may be inspected for the period of five years. In effect, amounts reported in the financial statements may change at a later date after they have been finally determined by tax authorities.

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The difference between the value of the income tax presented above and the amount of tax indicated in the note to the consolidated statement of comprehensive income is a change in the balance of the deferred tax.

As of the balance sheet date of 31 March 2021, the Parent Company presents deferred income tax assets of PLN 244,042.73 as well as deferred income tax liability of PLN 168.89.

The structure of deferred income tax assets is presented below.

Specification	As at 31 March 2021	As at 31 March 2020
Provision for maintenance of servers	200 503	112 981
Investments in third party fixed tangible assets	21 678	19 236
Provision for liabilities due to bonuses for the Management Board and other salaries and wages	18 899	11 785
Provision for costs of audit	2 962	1 900
Total	244 043	145 902

The structure of the deferred income tax liability is presented below.

Specification	As at 31 March 2021	As at 31 March 2020
Positive foreign exchange differences on receivables	169	423
Positive foreign exchange differences on cash	-	1
Total	169	424

Deferred income tax assets and deferred income tax liability are measured with the use of tax rates which, according to available forecasts, will be applied at the time deferred income tax assets will be realised or deferred income tax liability will be reversed. The current part of the income tax for the period of 12 months ended 31 March 2021 and 31 March 2020 was determined with the use of the corporate income tax rate of 19% of the taxable basis in respect of income from other sources and the rate of 5% of the taxable basis in respect of income from qualifying intellectual property rights (so-called IP Box).

The current part of the income tax for the period of 12 months ended 31 March 2021 and 31 March 2020 was determined with the use of the expected corporate income tax rate of 6.44% and 5%, respectively.

Note 15 Financial instruments

Financial instruments by category	As at 31 March 2021		As at 31 March 2020	
	Book value	Fair value	Book value	Fair value
Financial assets	85 041 034	85 041 034	54 496 943	54 496 943
Assets measured at the fair value through the financial result	-	-	-	-
Assets measured at amortised cost, of which:	85 041 034	85 041 034	54 496 943	54 496 943
Own receivables	25 807 986	25 807 986	15 815 178	15 815 178
Cash	59 233 049	59 233 049	38 681 765	38 681 765
Assets measured at the fair value through the financial result	-	-	-	-
Financial liabilities	14 947 916	14 947 916	8 947 727	8 947 727
Liabilities measured at amortised cost	14 947 916	14 947 916	8 947 727	8 947 727

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Financial assets measured at amortised cost comprise: cash, accounts receivable and other short-term receivables.

Financial liabilities measured at amortised cost comprise: other long-term financial liabilities, accounts payable, current income tax liabilities, other short-term financial liabilities, other short-term liabilities.

10.3 Other notes

Note 16 Benefits to the key managing staff (including remuneration for Members of the Management Board and the Supervisory Board)

Remuneration for Members of the Management Board

Remuneration for Members of the Management Board of LiveChat Software S.A. collected from 1 April 2020 to 31 March 2021 also comprises a bonus granted by the Supervisory Board for the work of the Management Board and the Company's performance in 2020/2021.

Name and surname	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Mariusz Ciepły	995 961,04	891 251,69
Urszula Jarzębowska	850 707,72	594 167,82
Total	1 846 668,76	1 485 419,51

Remuneration for Members of the Supervisory Board

In the analysed financial year, the value of remuneration for Members of the Supervisory Board amounted to PLN 56,000.00.

Other benefits and unsettled loans and advances to the key managing staff

None.

All transactions with the key managing staff of the Parent Company are effected on an arm's length basis.

Note 17 Contingent items and other off-balance sheet items

No such events occurred.

Note 18 Employment

The Group does not employ employees, it only collaborates with business entities on a civil-law contract basis.

Average number of collaborators	For the period of 12 months ended 31 March 2021	For the period of 12 months ended 31 March 2020
Blue-collar workers	0	0
White-collar workers	212	169
Total average number of FTEs	212	169

Note 19 Description of factors and events, especially of non-typical nature, having an impact on the financial results

In the opinion of the Company's Management Board, in the period from 1 April 2020 to 31 March 2021 there were no major events, including events of non-typical nature, having an impact on the financial results achieved by the Group of Companies.

Note 20 Events after the end of the financial year, not taken into account in the financial statements

Between the end of Q4 of the financial year and the time of approval of these statements for publication, there were no major events having an impact on the Company's operations or financial results.

COVID-19 outbreak has affected the Parent Company's activities since the middle of March 2020. From March 9th to 15th 2020, bearing in mind the co-workers' safety, the Company decided on a 100% remote work model. In July 2020, the Parent Company re-opened its offices, however with new safety precautions and limitations (for example, some desks were taken out of service, the number of people in the office was monitored, sanitizers were made available, etc.). On the other hand, the Parent Company informed its collaborators that remote work was the most desired form of collaboration and that it was going to continue with this organizational model in the future. This results from positive attitude of collaborators towards the changes introduced and from very good performance results. In connection with the worsening of the epidemiological situation in Poland, in October a decision was made to close the Wrocław office again. The office was made available to co-workers (in compliance with the above-mentioned safety rules) again from 5 May onwards.

Despite the worsening of the epidemiological situation and the putting of individual collaborators of the Parent Company in quarantine, no negative effect of COVID-19 and related limitations on business development, continuity and quality of services or development works was found. The pandemic makes recruitment more difficult, but introduction of procedures connected with the process going online makes it possible for the Parent Company to continue with increasing its workforce. As the operating model was changed to one based on remote work, more and more persons from outside Wrocław are cooperating with the Parent Company – both from other Polish cities and from abroad (e.g. Boston, London).

The Parent Company's business ratios are affected by many factors at the same time, including economic situation on key markets (e.g. the USA, the UK, Canada), changes to products, marketing efforts, activities of the competition and many more, which makes it difficult to accurately calculate the effect of the pandemic on the business. However, in March and April 2020, undoubtedly in connection with the pandemic, the Parent Company experienced an increase of the churn rate (the rate at which customers stop doing business with an entity), which started to fall beginning in May and has remained since then on the historical average of approx. 3% monthly. In Q3 and Q4 of the financial year, the churn ratio remained at the level of more than 3%, which could have resulted from the pandemic negatively affecting the financial situation of many of the Company's customers. The number of new trials (potential clients testing the Livechat solution) was on a higher level than in the same period in the previous year and the first months of 2020 (January, February), which may be partially explained by, among other things, the

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increased need for online communication solutions during the pandemic. However, at the same time a seasonal impact on the number of new trials was observed – the number went up in October and November and went down significantly during the holiday season, and then went up again in March 2021.

Note 21 Transactions with related entities

During the audited period, the Parent Company entered into transactions with consolidated entity LiveChat, Inc. Transactions with LiveChat, Inc. have been excluded from the consolidated financial statements. The Parent Company did not enter into any transactions with related parties otherwise than on an arm's length basis.

Note 22 Cyclicity and seasonality of the activities run

No cyclicity or seasonality of sales can be observed in the Group of Companies.

Note 23 Remuneration of the statutory auditor

On 4 November 2019, the Parent Company entered into an agreement with auditing firm Grant Thornton Polska sp. z o.o. sp. k. (together with a subsequent annex to the agreement of 8 March 2021) under which the scope of works of the auditing firm covers the following works relating to the financial year 2020/2021:

- auditing the interim financial statements of the Parent Company for the period from 1 April 2020 to 30 September 2020 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 14,000 net;
- reviewing the (consolidated) interim financial statements for the period from 1 April 2020 to 30 September 2020 and preparing the review report – the value of remuneration for the auditing firm: PLN 8,000 net;
- auditing the separate financial statements of the Parent Company for the period from 1 April 2020 to 31 March 2021 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 32,000 net;
- auditing the consolidated financial statements of the group of companies for the period from 1 April 2020 to 31 March 2021 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 14,000 net.

In the reporting period, the Parent Company paid remuneration to Grant Thornton Polska sp. z o.o. sp. k. in the amount of PLN 75,814.75.

On 4 November 2019, the Parent Company entered into an agreement with auditing firm Grant Thornton Polska sp. z o.o. sp. k. under which the scope of works of the auditing firm covered the following works relating to the preceding financial year 2019/2021:

- auditing the interim financial statements of the Parent Company for the period from 1 April 2019 to 30 September 2019 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 14,000 net;
- reviewing the (consolidated) interim financial statements for the period from 1 April 2019 to 30 September 2019 and preparing the review report – the value of remuneration for the auditing firm: PLN 8,000 net;
- auditing the separate financial statements of the Parent Company for the period from 1 April 2019 to 31 March 2020 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 24,000 net;

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- auditing the consolidated financial statements of the group of companies for the period from 1 April 2019 to 31 March 2020 ended with issuing the audit report – the value of remuneration for the auditing firm: PLN 14,000 net.

Note 24 Objective and principles of risk management

The main financial instruments used by the parent 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 hedging exchange rate risk. The Group also has other financial instruments, such as accounts receivable and accounts payable, which arise in the course of its operations.

The Group does not trade in financial instruments.

FOREIGN EXCHANGE RISK

Since over 95% of the sales are collected in USD, the Group is exposed to foreign exchange risk due to the transactions made. In the reporting period, the Group did not hedge its sales denominated in foreign currencies.

In order to decrease the foreign exchange risk, the Parent Company's Management Board converts received USD to PLN. Moreover, the Management Board regularly monitors USD exchange rate and adapts its pricing policy thereto. Cash denominated in USD is, as compared to cash in PLN, an insignificant element as far as the value is concerned. Furthermore, the sales model based on automatic card payment by the customer and ongoing conversion of USD minimize the foreign exchange risk.

INTEREST RATE RISK

Exposure of the Group to the risk resulting from changing interest rate first of all relates to depositing the generated financial surplus. Due to the nature of its operations, the Group does not have any financial liabilities.

OTHER PRICE RISK

The Group does not use any financial instruments connected with the price risk. The Group is not exposed to other price risk.

CREDIT RISK

The business model adopted by the Group assumes sales completion only when a guarantee of payment is received. The share of customers to whom buyer's credit is granted is hardly 3%.

The Management Board of the Parent Company regularly monitors the credit risk of its counterparties.

The credit risk related to cash is marginal owing to the reputation and financial stability of financial institutions the Group cooperates with. In view of the above, any estimates concerning expected credit losses are on a very low level. Therefore, the consolidated financial statements do not present any impairment losses in this respect.

LIQUIDITY RISK

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

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The value of cash exceeded several times the value of short-term liabilities as at the balance sheet dates of 31 March 2021 and 31 March 2020, therefore presentation of an analysis of liquidity risk is waived.

OPERATIONAL RISK

The basic type of services purchased is services rendered by qualified IT engineers. Due to the fact that the Parent 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 Parent Company's Management Board regularly monitors the level of IT service prices.

Wrocław, 25 June 2021



Mariusz Ciepły
Chief Executive Officer



Urszula Jarzębowska
Member of the Management Board



Joanna Alwin
Chief Financial Officer