

Report of the independent statutory auditor on the audit of the annual financial statement

Grant Thornton Polska
Sp. z o.o. sp. k.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań
Poland

T +48 61 62 51 100
F +48 61 62 51 101
www.GrantThornton.pl

For the Shareholders of LiveChat Software Spółka Akcyjna

Report on the audit of the annual financial statement

Opinion

We have audited the annual financial statement of LiveChat Software Spółka Akcyjna (the Company) with its registered office in Wrocław at ul. Zwycięska 47, which consists of the introduction to the annual financial statement, the balance sheet drawn up as at 31 March 2020, the profit and loss account, the statement of changes in equity, the cash flow statement for the financial year ended on that day as well additional information and explanations.

In our opinion, the attached annual financial statement:

- presents a fair and clear picture of the property and financial situation of the Company as at 31 March 2020 as well as its financial result and cash flows for the financial year ended on that day, in accordance with the Accounting Act of 29 September 1994 (consolidated text: Dz. U. [Journal of Laws] of 2019, item 351, as amended) (the Accounting Act) and the accounting principles (policy) applied,
- was prepared on the basis of properly kept books of account,
- is consistent, in respect of its form and content, with the provisions of law applicable to the Company, including the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities as well as the conditions for recognizing as equivalent information required by the laws of a non-member state (Dz. U. [Journal of Laws] of 2018, item 757) (the Regulation on current and periodic information) as well as with the provisions of the Company's Articles of Association.

This opinion is consistent with the additional report for the Audit Committee issued on the day of this report on the audit.

Audit – Taxes – Outsourcing – Consultancy
Member of Grant Thornton International Ltd



Basis for the opinion

We have carried out our audit in accordance with:

- the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (consolidated text: Dz. U. [Journal of Laws] of 2019, item 1421, as amended) (the Act on Statutory Auditors),
- the International Standards of Auditing in the version adopted as the National Standards of Auditing (KSB) by resolution no. 3430/52a/2019 of the National Chamber of Statutory Auditors of 21 March 2019, as amended, and
- Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of financial statements of public-interest entities and repealing Commission Decision 2005/909/EC (OJ EU L 158 of 27 May 2014, page 77 and OJ EU L 170 of 11 June 2014, page 66) (Regulation 537/2014).

Our responsibility in accordance with these standards has been further described in the section of our report *Responsibility of the independent statutory auditor for the audit of the annual financial statement*.

We remain independent of the Company, in accordance with the *International Code of Ethics for Professional Accountants* by the International Federation of Accountants (IFAC Code) adopted by resolution no. 3431/52a/2019 of the National Chamber of Statutory Auditors of 25 March 2019 as the principles of professional ethics of statutory auditors and with other ethical requirements that apply to the audit of financial statements in Poland. In particular, when carrying out the audit, the key auditor and the audit firm remained independent of the Company in accordance with the independence requirements specified in the Act on Statutory Auditors and Regulation 537/2014. Moreover, we fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit issues

The key audit issues are the issues that we consider, based on our professional judgment, to be the most significant during the audit of the annual financial statement for the current accounting period. These include the most significant assessed types of risk of material misstatement, including the assessed types of risk of material misstatement caused by fraud. We have addressed these issues in the context of our audit of the annual financial statement as a whole and taken them into consideration when formulating our opinion on this statement. We have also presented below a summary of our response to these types of risk, and in the cases where we deemed it appropriate, we have presented our most important insights regarding these types of risk. We do not express a separate opinion on these issues.

The risk of improper revenue recognition in the relevant accounting period

Statutory auditor's response

Sales revenues are one of the key items of the financial statement. Their scale and changes are one of the most important criteria for the assessment of the company's effectiveness, whereas any errors made when recognizing them can have a significant impact on the assessment of the financial statement as a whole. The significance of sales revenues for the overall evaluation of the financial statement is additionally increased by the fact that most of these revenues are obtained from a subsidiary

As part of the audit process, we documented our understanding of the process of recognizing revenues and identified the key elements of internal control in this process.

The audit procedures carried out in this area included:

- reviewing the accounting policy in the part regarding the recognition of revenues and related estimates,



in connection with carrying out business activity related to selling a license to access an application.

In view of the above, the risk of improper recognition of sales revenues in the appropriate accounting period was evaluated as a key audit issue.

Numerical information on the amount and structure of sales revenues was presented in note 26 of the additional information to the financial statement.

- detailed substantive tests taking into account the analysis of transactions at the end of one reporting period and the beginning of another one,
- analytical procedures related in particular to the analysis of sales and margins as well as changes of these values on a monthly basis over the last two financial years.

Expenditure on development works

The Company has significant expenditures on development works, both completed and in progress. The total value of activated expenditure on completed and unfinished development works as at 31 March 2020 was 26,528 thousand zlotys, which was 32% of the value of the total assets as at that day.

As the expenditure on development works is considerable and the valuation is conditional on estimates and judgments, the risk of improper valuation of this balance sheet item at initial recognition and at the balance sheet date, as well as assuming the improper period of use, was assessed as a key audit issue.

Disclosures regarding development works were presented in note 1 of the additional information to the financial statement.

Statutory auditor's response

As part of the audit, we documented our understanding of the process of the allocation of expenditure on development works, the moment of acceptance into service as well as the methods and rates of depreciation of completed development works.

The procedures carried out in this area also included:

- assessing the appropriateness of the accounting policy applied,
- detailed substantive tests regarding the correctness of the allocation of expenditure on development works,
- obtaining information from the Management Board on using the completed R&D works,
- making an analysis in terms of indications of impairment.

Responsibility of the Management Board and the Supervisory Board of the Company for the annual financial statement

The Company's Management Board is responsible for preparing, on the basis of properly kept books of account, the annual financial statement, which presents a fair and clear picture of the property and financial situation of the Company as well as its financial result and cash flows, in accordance with the provisions of the Accounting Act, executive regulations issued under the Act, the accounting principles (policy) applied and other applicable laws as well as the Articles of Association. The Company's Management Board is also responsible for internal control, which it deems necessary for preparing the annual financial statement free from material misstatement, whether due to fraud or error.

While drawing up the annual financial statement, the Company's Management Board is responsible for assessing the Company's ability to continue its operations, disclosing, if this applies, any issues related to the continuation of business activity, as well as for assuming the continuation of the operations, except when the Management Board is planning either to close down the Company or discontinue its operations, or it has no realistic alternative but to do so.



In accordance with the Accounting Act, the Management Board and the Members of the Supervisory Board of the Company are obliged to ensure that the annual financial statement meets the requirements provided for in the Accounting Act. The Members of the Supervisory Board are responsible for supervising the financial reporting process of the Company.

Responsibility of the independent statutory auditor for the audit of the annual financial statement.

Our goal is to obtain reasonable assurance that the annual financial statement as a whole does not contain any material misstatement, whether due to fraud or error, and to issue a report on the audit containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that the audit carried out in accordance with KSB will always detect any existing material misstatement. Misstatements can occur due to fraud or error and are considered relevant if it can reasonably be expected that they could, individually or in combination, affect economic decisions taken by the users based on this annual financial statement.

The scope of the audit does not include assurances as to the future profitability of the Company or the effectiveness or efficiency of running its business by the Company's Management Board now or in the future.

During the audit in accordance with KSB, we apply professional judgment and maintain professional skepticism, as well as:

- We identify and assess the risks of the material misstatement of the annual financial statement due to fraud or error, design and carry out audit procedures responding to these risks and obtain audit evidence that is sufficient and relevant to be the basis for our opinion. The risk of failing to detect a material error due to fraud is higher than that due to error, as fraud can involve collusion, forgery, deliberate omissions, false assurances or bypassing internal control;
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate to the circumstances, but not in order to express an opinion on the effectiveness of the Company's internal control;
- We assess the appropriateness of the accounting principles (policy) used and the reasonableness of accounting estimates and relevant disclosures made by the Company's Management Board;
- We assess the appropriateness of assuming the continuation of the operations by the Company's Management Board and, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that might raise considerable doubts as to the Company's ability to continue its operations. If we come to the conclusion that there is a material uncertainty, we are required to draw attention, in our statutory auditor's report, to the related disclosures in the annual financial statement or, if these disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of the statutory auditor's report; however, the Company may not continue its operations due to any future events or conditions;
- We assess the general presentation, structure and contents of the annual financial statement, including disclosures, and whether the annual financial statement presents its underlying transactions and events in a way that ensures a fair presentation.

We provide the Supervisory Board with information including the planned scope and time of the audit and significant findings of the audit, including any significant weaknesses of the internal control system we have identified during the audit.

We provide the Supervisory Board with the statement that we have complied with ethical requirements regarding independence and inform the Supervisory Board about all related and other matters that could



be reasonably considered to pose a threat to our independence and, where applicable, we inform them about the safeguards applied.

Out of the matters submitted to the Supervisory Board, we have determined the matters that were most significant during the audit of the financial statement for the current financial year and that was why we considered them to be key audit issues. We describe these matters in our statutory auditor's report, unless legal provisions or regulations forbid the publication or when, under exceptional circumstances, we establish that the issue should not be presented in our report, as it could be reasonably expected that the negative consequences would outweigh the benefits for the public interest resulting from making this information publicly available.

Other information, including the report on the operations

Other information includes the report on Company's operations for the financial year ended on 31 March 2020 together with the statement on compliance with corporate governance rules, which is a separate part of this report on the operations, and the annual report for the financial year ended on 31 March 2020 (excluding the annual financial statement and our statutory auditor's report).

Responsibility of the Management Board and the Supervisory Board

In accordance with the Accounting Act and other applicable regulations, the Company's Management Board is responsible for preparing other information. Moreover, the Management Board and the Members of the Supervisory Board of the Company are obliged to ensure that the report on the operations meets the requirements provided for in the Accounting Act.

Statutory auditor's responsibility

Our opinion on the annual financial statement does not include other information and we do not express any form of assurance on it arising from KSB. In connection with the audit of the annual financial statement, it is our duty to read other information and, while doing this, to consider whether it is significantly inconsistent with the annual financial statement or our knowledge obtained during the audit, or in any other way it seems to be significantly misstated. If, based on our work, we find any material misstatement of other information, we are obliged to include this information in our report on the audit. In accordance with the requirements of the Act on Statutory Auditors, it is also our duty to give an opinion on whether the report on the operations was prepared according to the regulations and is compliant with the information included in the annual financial statement. Moreover, we are obliged to give an opinion on whether the Company included the required information in the corporate governance statement. We obtained the report on the operations of the Company before the date of this report on the audit, whereas the other elements of the annual report will be made available to us after this date. In the event that we find any material misstatement in the annual report, we are obliged to inform the Supervisory Board of the Company about this.

Opinion on the report on business operations

In our opinion, the report on the operations was prepared in accordance with the applicable regulations, i.e. in accordance with the provisions of Art. 49 of the Accounting Act and the Regulation on current and periodic information and is consistent with the information included in the attached annual financial statement. Moreover, we declare that, in the light of knowledge about the Company and its environment obtained during the audit of the annual financial statement, we have not identified any significant misstatements in the report on the operations.



Grant Thornton

An instinct for growth™

Opinion on report on compliance with corporate governance rules

In our opinion, the Company included information specified in Section 70(6)(5) of the Regulation on current and periodic information in the corporate governance statement. Information indicated in Section 70(6)(5)(c-f, h and i) of the Regulation on current and periodic information included in the corporate governance statement is consistent with the applicable regulations and information included in the annual financial statement.

Report regarding other applicable laws and regulations

Statement on the provision of services other than the audit of financial statements

In accordance with our best knowledge and belief, we declare that we have not provided any services other than the audit, which are forbidden by the provisions of Art. 136 of the Act on Statutory Auditors and Art. 5(1) of Regulation 537/2014.

Selecting the audit firm

We were selected to audit the Company's annual financial statements for the periods from 1 April 2019 to 31 March 2020 and from 1 April 2020 to 31 March 2021 by the resolution of the Supervisory Board of the Company of 17 October 2019. The financial statement for the period from 1 April 2019 to 31 March 2020 is the first annual financial statement of the Company we have audited.

Elżbieta Grześkowiak

Statutory Auditor no. 5014
Key Auditor carrying out the audit on behalf of
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, audit firm no. 4055



Signed by:

Elżbieta Małgorzata
Grześkowiak

Date: 30 June
2020 19:43

Poznań, 30 June 2020