

Independent statutory auditor's report on audit of annual financial statements

Grant Thornton Polska

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To the Shareholders of LiveChat Software Spółka Akcyjna

Report on audit of annual financial statements

Opinion

We have audited the annual financial statements of LiveChat Software Spółka Akcyjna (Company) with its registered office in Wrocław at ul. Zwycięska 47, comprising the introduction to the annual financial statements, the balance sheet as at 31 March 2021, the income statement, the statement of changes in equity, the statement of cash flows for the financial year ended that day, and additional notes and explanations.

In our opinion, the accompanying annual financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2021 and its financial result and cash flows for the financial year ended that day in accordance with the provisions of the Accounting Act of 29 September 1994 (consolidated text: "Dziennik Ustaw" [*Journal of Laws*] of 2021, item 217, as amended) (Accounting Act) and the adopted accounting policies,
- have been prepared on the basis of properly kept accounting ledgers,
- comply, as to the form and contents, with the provisions of law applicable to the Company, including the Ordinance of the Minister of Finance of 29 March 2018 on current and periodical information to be provided by issuers of securities and on conditions of recognising information required by legal provisions of a non-member state as equivalent ("Dziennik Ustaw" [*Journal of Laws*] of 2018, item 757) (Ordinance on current and periodical information), and with the provisions of the Company's Articles of Association.

Our opinion is consistent with the additional report for the Auditing Committee issued on the date of this audit report.

Basis for the opinion

We have conducted our audit in accordance with:

- the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Oversight (consolidated text: “Dziennik Ustaw” [*Journal of Laws*] of 2020, item 1415) (Statutory Auditors Act),
- the International Auditing Standards in the version adopted as the National Auditing Standards by way of Resolution No. 3430/52a/2019 of the National Council 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 public-interest entities and repealing Commission Decision 2005/909/EC (OJ UE L 158 of 27.05.2014, p. 77, and OJ UE L 170 of 11.06.2014, p. 66) (Regulation 537/2014).

In accordance with those standards, our responsibility is further described in section *Responsibility of the statutory auditor for audit of annual financial statements* of our report.

In accordance with the *International Code of Ethics for Professional Accountants* (including the *International Independence Standards*) of the International Ethics Standards Board for Accountants (IESBA Code) adopted by way of Resolution No. 3431/52a/2019 of the National Council of Statutory Auditors of 25 March 2019 as the rules of professional ethics of statutory auditors and other ethical standards applicable to auditing of financial statements in Poland, we are independent of the Company. In particular, throughout the audit, the key statutory auditor and the auditing firm remained independent of the Company, in accordance with the independence requirements set forth in the Statutory Auditors Act and In Regulation 537/2014. Furthermore, we have complied with our other ethical duties in accordance with those requirements and the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current reporting period. They include the most significant assessed types of risk of material misstatement, including assessed types of risk of material misstatement caused by fraud. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon. Below we have also summarised our response to those types of risk and, wherever we found that appropriate, we have presented most important observations connected with those types of risk. We do not provide a separate opinion on these matters.

Risk of incorrect recognition of revenues in the relevant reporting period

Revenues from sales are one of the key items of the financial statements. Their scale and changes are one of the most important criteria for assessment of performance of a business and any errors made in their recognition may materially affect assessment of the financial statements as a whole. Revenues from sales are all the more significant due to the fact that the majority of those revenues are generated from a related entity in connection with the Company's business consisting in sale of access licences to an application.

Independent auditor's response

As part of our audit, we have documented our understanding of the revenue recognition process and identified key internal control components within that process.

Audit procedures in this area included but were not limited to:

- review of the accounting policies in the part concerning revenue recognition and related estimates,

Risk of incorrect recognition of revenues in the relevant reporting period

Taking the foregoing into account, risk of incorrect recognition of revenues from sales in the relevant reporting period was assessed as a key audit matter.

Figures relating to the size and structure of revenues from sales are presented in notes 26.1 and 26.2, in the additional notes to the financial statements.

Independent auditor's response

- detailed reliability checks, taking into account an analysis of transactions at the turn of reporting periods,
- analytical procedures consisting in particular in an analysis of sales and margins and monthly changes to those values during the last two financial years.

Expenditures on research and development

The Company has significant expenditures on research and development, both completed and in progress. The total value of capitalised expenditures on completed and non-completed research and development as at 31 March 2021 was PLN 29,622 thousand, which corresponded to 25% of the total value of assets as at that date.

As the amount of expenditures on research and development is significant and their measurement depends on estimates and judgments, the risk of incorrect measurement of that balance sheet item upon initial recognition and as at the balance sheet date and of adoption of incorrect period of use was identified as a key audit matter.

Disclosures on research and development are presented in note 1, in the additional notes to the financial statements.

Independent auditor's response

As part of our audit, we have documented our understanding of the process of allocation of expenditures on research and development, the time of putting into service as well as methods and rates of amortisation of completed research and development.

Furthermore, procedures in this area included:

- assessment of adequacy of the applied accounting policies,
- detailed reliability checks in respect of correctness of allocation of expenditures on research and development,
- obtaining from the Management Board information on how completed research and development is used,
- impairment loss analysis.

Responsibility of the Company's Management Board and Supervisory Board for the annual financial statements

The responsibility for preparation, on the basis of correctly kept accounting ledgers, of annual financial statements which give a true and fair view of the Company's affairs, financial result and cash flows, in accordance with the provisions of the Accounting Act, delegated legislation issued thereunder, the adopted accounting policies and other applicable provisions of law and the Company's Articles of Association, rests with the Management Board of the Company. The Company's Management Board is also responsible for internal control regarded as necessary for preparation of annual financial statements that are free from material misstatements caused by fraud or error.

While preparing the annual financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, any going concern issues and making an assumption that the Company will continue as a going concern, except for cases where the Management Board intends to liquidate the Company or discontinue operations or there is no real alternative to such liquidation or discontinuation.

In accordance with the Accounting Act, the Management Board and Members of the Supervisory Board are obliged to ensure that the annual financial statements meet the requirements set forth in the Accounting Act. Members of the Supervisory Board are responsible for supervising the Company's financial reporting process.

Responsibility of the statutory auditor for audit of annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the auditor's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the National Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

The scope of the audit does not include any assurances as to future profitability of the Company or as to present or future effectiveness or efficiency of management by the Company's Management Board.

As part of an audit in accordance with the National Auditing Standards, we exercise professional judgment and maintain professional skepticism, and:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the use by the Company's Management Board of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the report on operations

Other information comprises the report on the Company's operations for the financial year ended 31 March 2021, together with a corporate governance statement which is a separated part of that report on operations, and the annual report for the financial year ended 31 March 2021 (excluding the annual financial statements and our independent auditor's report).

Responsibility of the Management Board and the Supervisory Board

In accordance with the Accounting Act and other applicable provisions, responsibility for preparing the other information rests with the Company's Management Board. In addition, the Management Board and Members of the Supervisory Board are required to ensure that the report on operations meets the requirements set forth in the Accounting Act.

Responsibility of the statutory auditor

Our opinion on the annual financial statements does not include the other information and in this respect we do not give any form of assurance arising from the National Auditing Standards. In connection with the audit of the annual financial statements, we are required to read the other information and to identify whether it is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify material misstatements in the other information, we are required to communicate the matter in our audit report. In accordance with the Statutory Auditors Act, we are also required to give an opinion on whether the report on operations was prepared in accordance with the provisions and whether it is consistent with the information contained in the annual financial statements. Furthermore, we are required to give an opinion on whether the Company included the required information in the corporate governance statement.

We obtained the report on the Company's operations before the date of this audit report, and the remaining components of the annual report will be shared with us after that date. If we find a material misstatement in the annual report, we are required to communicate the matter to the Company's Supervisory Board.

Opinion on the report on the Company's operations

In our opinion, the report on operations has been prepared in accordance with the applicable provisions, i.e. in accordance with the provisions of Section 49 of the Accounting Act and Section 70 of the Ordinance on current and periodical information, and is consistent with information contained in the accompanying annual financial statements. Furthermore, we declare that in the light of our knowledge about the Company and its environment obtained during the audit of the annual financial statements, the report on the Company's operations is free from material misstatements.

Opinion on the corporate governance statement

In our opinion, the Company included the information specified in Section 70(6)(5) of the Ordinance on current and periodical information in the corporate governance statement. The information specified in Section 70(6)(5)(c-f), Section 70(6)(5)(h) and Section 70(6)(5)(i) of the Ordinance on current and periodical information contained in the corporate governance statement is consistent with the applicable provisions and information contained in the annual financial statements.

Report on other legal and regulatory requirements

Statement on provided services other than auditing of financial statements

To the best of our knowledge and belief, we declare that we have not provided any services other than auditing which are forbidden under the provisions of Section 136 of the Statutory Auditors Act and Section 5(1) of Regulation 537/2014.

Selection of the auditing firm

We were selected for the audit of 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 Resolution of the Company's Supervisory Board of 17 October 2019. The financial statements for the period from 1 April 2020 to 31 March 2021 were the second financial statements of the Company which were audited by us.

Elżbieta Grześkowiak

Statutory Auditor No. 5014

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



Signed by /
Podpisano przez:

Elżbieta Małgorzata
Grześkowiak

Date / Data: 2021-
06-25 20:02

Poznań, 25 June 2021