Textmagic

2024 CONSOLIDATED ANNUAL REPORT

(Translation of the Estonian original)

GENERAL INFORMATION

TextMagic AS and its subsidiaries, also referred to as “TextMagic Group” or “Group”.

The company is listed on the Nasdaq Baltic Alternative Market First North Tallinn.

Business name:	TextMagic AS
Main activity:	B2B Software Development and Management
Commercial registry code:	16211377
Address:	A. H. Tammsaare 56, 11316 Tallinn
Country:	Estonia
Phone:	+372 503 4224
E-mail:	investor@textmagic.biz
Website:	https://www.textmagic.com/
Reporting period:	From January 1, 2024 to December 31, 2024
Auditor:	KPMG Baltics OÜ

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MANAGEMENT REPORT

The Group's B2B software products

Textmagic

a platform that provides an easy-to-use and efficient solution for text messaging based communication.

VOOG

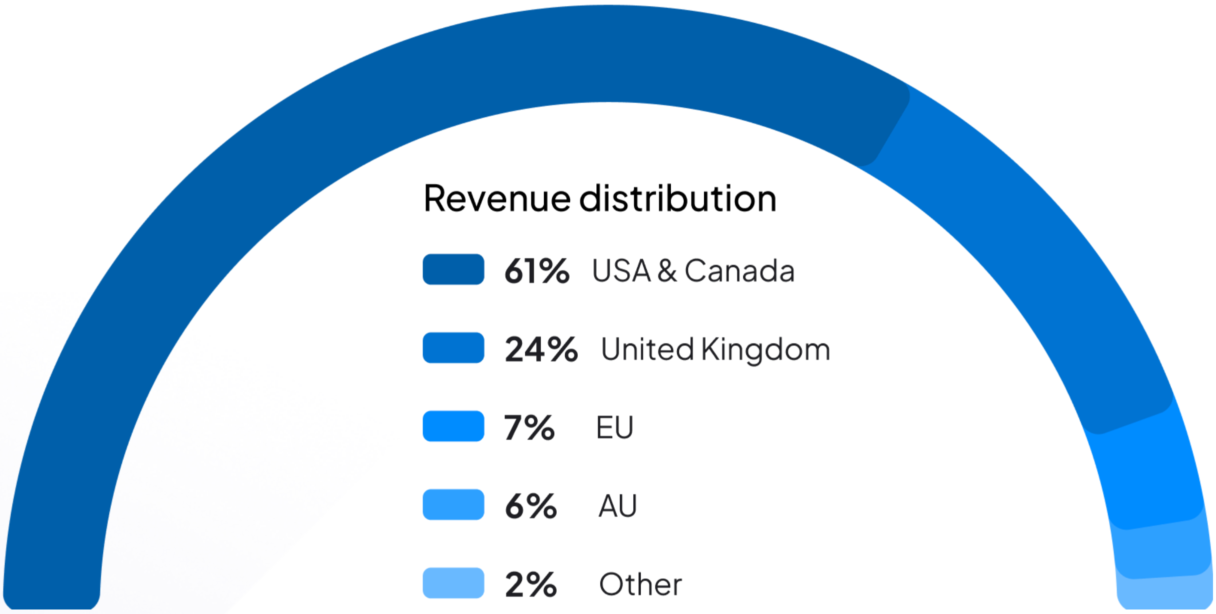
a platform that provides convenient and intuitive tools for creating and managing aesthetically pleasing websites and online stores.

TextMagic Group in numbers

2024

€15.18M ↗1%	€6.15M ↘1%	€1.80M ↘30%
Revenue	EBITDA	Operating profit
2023 : €14.97M	2023*: €6.23M	2023*: €2.56M

* Continuing operations



Textmagic

2024 OVERVIEW

In 2024, TextMagic Group's revenue amounted to €15,175 thousand, increasing by €205 thousand compared to 2023 (2023: €14,970 thousand). The operating profit amounted to €1,803 thousand (2023: €2,562 thousand), and the EBITDA figure was €6,145 thousand (2023: €6,232 thousand). The Group's business operations focused on the development and expansion of the Textmagic platform to restore growth.

Group’s operational figures for 2024 and change compared to 2023

15.18 mln € +1%

Revenue

249.23 mln SMS -5%

Number of SMS sent on Textmagic platform

6.15 mln € -1%

EBITDA

1.80 mln € -30%

Operating profit from continuing operations

3.82 mln € +59%

Textmagic platform investments

0.51 mln € +99%

Voog and Edicy platform investments

TextMagic Group has considered changing regulations, market dynamics, competitive offerings, and customer needs in shaping its growth strategies. To ensure sustainable growth, we continue to invest in software development and have temporarily expanded our product development teams to accelerate progress and bring new solutions to market faster while maintaining a competitive edge. The expansion of the Textmagic product development team began in 2023 to increase development capacity and was completed in 2024, allowing for the implementation of significant updates.

In 2024, we launched a solution designed for high-volume messaging customers who want to benefit from the convenience of the Textmagic platform while continuing to use their existing telecommunications provider. Additionally, we extended the platform's communication channels as well as user and workflow management capabilities. We also improved the verification process for U.S. customers to accelerate campaign registration in compliance with regulatory requirements. In the second quarter of 2025, email and campaign management functionality will be introduced. These new features are expected to improve the product's value proposition and expand the customer base.

In October 2024, the Voog platform development team launched the beta version of Edicy.com, a landing page creation tool. The Edicy platform is designed for marketers and small businesses, enabling them to quickly and effortlessly create attractive campaign pages and track their performance.

In the second quarter, shareholders decided to make an equity distribution of €5,015 thousand (€0.59 per share), the payout was made in December 2024.

TextMagic AS was recognized at the Nasdaq Baltic Awards for best investor relations in 2025, achieving 2nd place in the First North stock listing.

FINANCIAL RESULTS

Revenue

The Group's consolidated total revenue increased by €205 thousand year-on-year to €15,175 thousand in 2024 (2023: €14,970 thousand), of which the Textmagic platform was €14,533 thousand (2023: €14,580 thousand) and the Voog platform was €642 thousand (2023: €390 thousand).

(in thousands of euros)	2024	2023
Textmagic platform	€14,533	€14,580
Voog platform	€642	€390
Total revenue	**€15,175**	**€14,970**

Textmagic platform business volumes

Textmagic platform's revenue in 2024 amounted to €14,533 thousand, remaining at the same level as in 2023 (2023: €14,580 thousand).

	2024	2023	Change
Revenue (thousands)	€14,533	€14,580	0%
Volume of SMS messages (thousands)	249,228	263,540	-5%
Active users*	26,431	35,410	-25%
Average revenue per user (ARPU)**	€549	€412	+33%

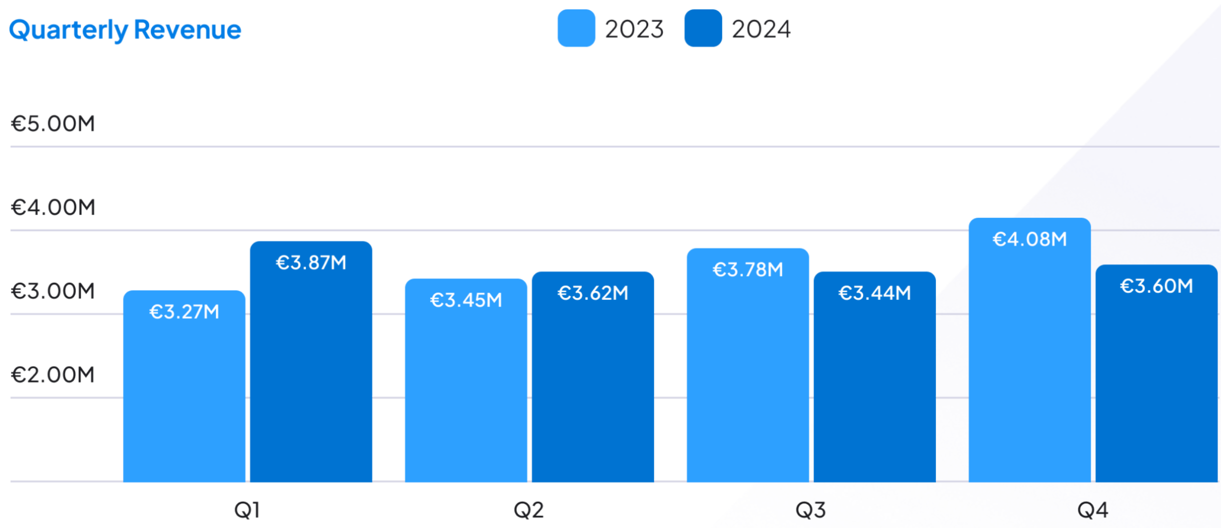
** An active user is any unique paying customer who has used Textmagic SMS platform services during the reporting period.*

***ARPU is calculated as Revenue / Active users.*

The primary reason for the decline in usage volumes remains U.S. regulations that restrict mass messaging for unregistered marketing campaigns. These regulations have a positive impact on SMS marketing by reducing spam and fraudulent messages.

Customer financial situations and price sensitivity have also influenced the decline in the number of active users. Despite the decrease in volumes and user numbers, revenue remained at the 2023 level, indicating that primarily price-sensitive customers have left.

The revenue distribution of the TextMagic platform is similar to the previous year, with the key markets – the USA, Canada, and the United Kingdom – continuing to account for nearly 90% of total revenue. The U.S. and Canadian markets together accounted for 64% of total revenue (2023: 67%). The share of revenue from the United Kingdom increased to 24% (2023: 22%). The Australian market accounted for 6% of revenue (2023: 5%), while the European Union's share remained at 3% (2023: 3%). All other regions collectively made up the remaining 3% of revenue (2023: 3%).



Direct costs

In 2024, the direct costs of sold services in continuing business segments amounted to €4,764 thousand, representing 31% of revenue (2023: €4,786 thousand; 32%).

The direct costs recognized mainly include resale services such as SMS, voice and email communications, as well as services directly related to the provision of services, including payment solutions, web hosting, verification and fraud detection services.

Staff costs

Our team consists of both employees and contractors, all of whom we consider integral members of our team. Due to the temporary expansion of the Textmagic and Voog platform development teams, labor costs have significantly increased, amounting to €6,871 thousand in continuing business segments in 2024 (2023: €4,801 thousand).

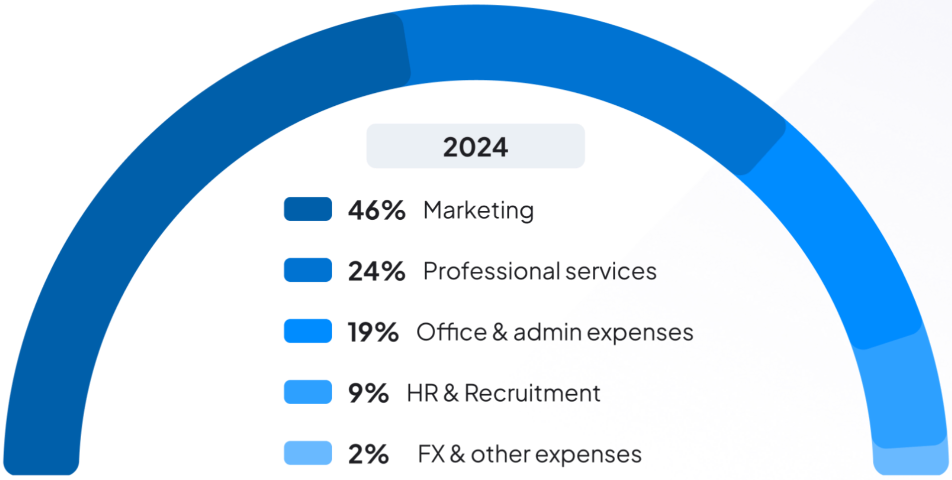
The team expansion began in 2023 with the goal of accelerating large-scale developments and bringing new functionalities to market as quickly as possible. In the first quarter of 2025, the product team has been downsized.

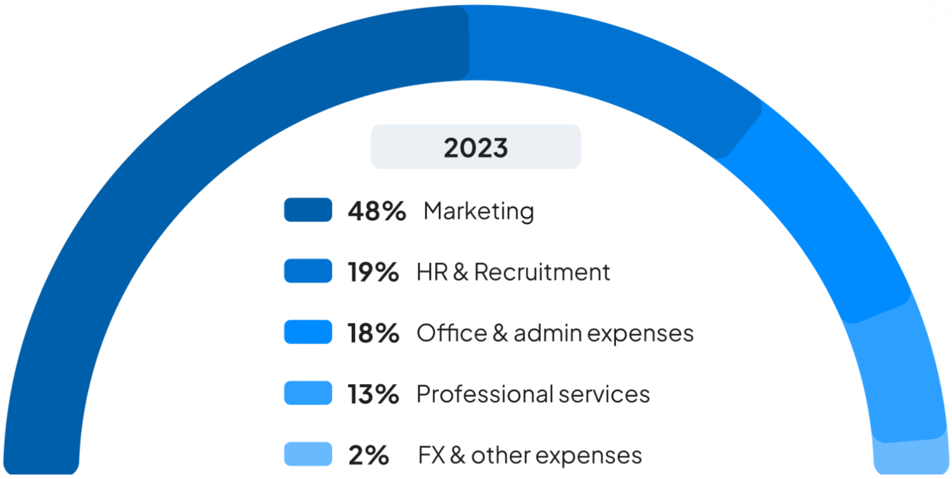
63% of labor costs in continuing business segments, totaling €4,327 thousand, have been capitalized (2023: 55%; €2,651 thousand), as they are directly related to product development. Personnel expenses also include the non-cash impact of three-year stock option agreements, amounting to €681 thousand (2023: €858 thousand).

Other operating expenses

Operating expenses in continuing operations increased by 10% to €1,887 thousand (2023: €1,715 thousand).

Distribution of operating expenses





46% of operating expenses consisted of marketing costs, which amounted to €867 thousand in 2024 (2023: €818 thousand; 48%). These expenses include various advertising costs, social media expenses, marketing consultations, and expenditures on tools and software.

Professional services cover legal, accounting, audit, and other professional advisory services. In 2024, these costs totaled €444 thousand, accounting for 24% of operating expenses (2023: €216 thousand; 13%). The increase is primarily due to one-time costs related to regulatory compliance requirements and higher audit expenses, resulting from the expansion of reporting obligations for subsidiaries.

At the end of 2024, the rapid hiring pace slowed down, leading to a reduction in recruitment and personnel costs compared to 2023, totaling €176 thousand (2023: €355 thousand). Office and administrative expenses amounted to €144 thousand (2023: €162 thousand).

Profitability

The operating profit for 2024 amounted to €1,803 thousand (2023: €2,562 thousand), decreasing compared to 2023 primarily due to an increase in the amortization of intangible assets. The increase in amortization was due to higher capitalized development costs in recent years. The increase in labor and operating costs also had an impact.

The EBITDA figure, which eliminates the effect of amortization, was €6,145 thousand in 2024, decreasing by 87 thousand euros compared to 2023 (2023: €6,232 thousand). The EBITDA margin was 41% (2023: 42%), confirming that the company's operating cash flow remains strong.

The net profit for 2024 was €2,053 thousand, showing significant growth compared to 2023 due to the elimination of the impact of discontinued business operations (2023: -€20,657 thousand).

Cash flows

As of December 31, 2024, the TextMagic Group had a cash balance of €3,432 thousand (December 31, 2023: €3,900 thousand).

The Textmagic platform continues to generate a strong positive cash flow, allowing investments in new products and distributions to shareholders.

The group's cash flow from operating activities of continuing operations in 2024 amounted to €5,960 thousand (2023: €7,007 thousand).

The cash flow from investing activities of continuing operations was mainly composed of the expenditure on intangible assets of €3,962 thousand (2023: €2,278 thousand). In 2024, the term deposit agreement, which was opened at the end of 2023 in the amount of €2,500 thousand, reached its maturity.

As a financing activity, a distribution to shareholders of €5,015 thousand was made in December 2024 (2023: €2,550 thousand).

Financial ratios

	2024	2023
Revenue (in thousands of euros)	15,175	14,970
EBITDA (in thousands of euros)	6,145	6,232
EBITDA margin (EBITDA / revenue)	40.5%	41.6%
EBIT (in thousands of euros)	1,803	2,562
EBIT margin (EBIT / revenue)	11.9%	17.1%
Net Profit (loss) for the period (in thousands of euros)	2,053	(20,657)
Net Profit (loss) margin (Profit for the period / revenue)	13.5%	(138.0%)
Total Assets at the end of the period (in thousands of euros)	37,172	39,614
Equity at the end of the period (in thousands of euros)	33,520	35,815
Liquidity ratio (Current assets / Current liabilities)	1.08	1.75
Debt-To-Equity ratio (Total liabilities / Equity)	0.11	0.11
Assets-to-Equity ratio (Total assets / Equity)	1.11	1.11

GROUP'S OBJECTIVES FOR 2025

In 2025, the TextMagic Group will focus on marketing the platform's extended functionality and expanding its customer base to regain growth, which has slowed in recent years. The team is dedicated to improving the user experience and strengthening the platform's market position by relying on data-driven decision making and increasing efficiency. At the same time, ensuring customer satisfaction remains a key priority to support sustainable growth.

In 2025, the plan is to optimize development efforts and reduce development costs as the rapid development phase ends and the focus shifts to cost efficiency. The goal is to increase both revenue and profit by providing businesses with advanced marketing and customer communication solutions.

TextMagic's mission is to be a trusted partner in helping businesses connect with their customers, target audiences and partners quickly, efficiently and seamlessly.

TEXTMAGIC GROUP

TextMagic AS is the parent company of the Group, which maintains a portfolio of B2B (business-to-business) software products. As of December 31, 2024, the Group had three wholly owned subsidiaries. The structure of the Group is shown below:

TextMagic AS
Estonia, 16211377

TextMagic LTD	TM Marketing Ops SRL	Edicy OÜ
United Kingdom, 052686521	Romania, 440999427	Estonia, 12176224
100%	100%	100%

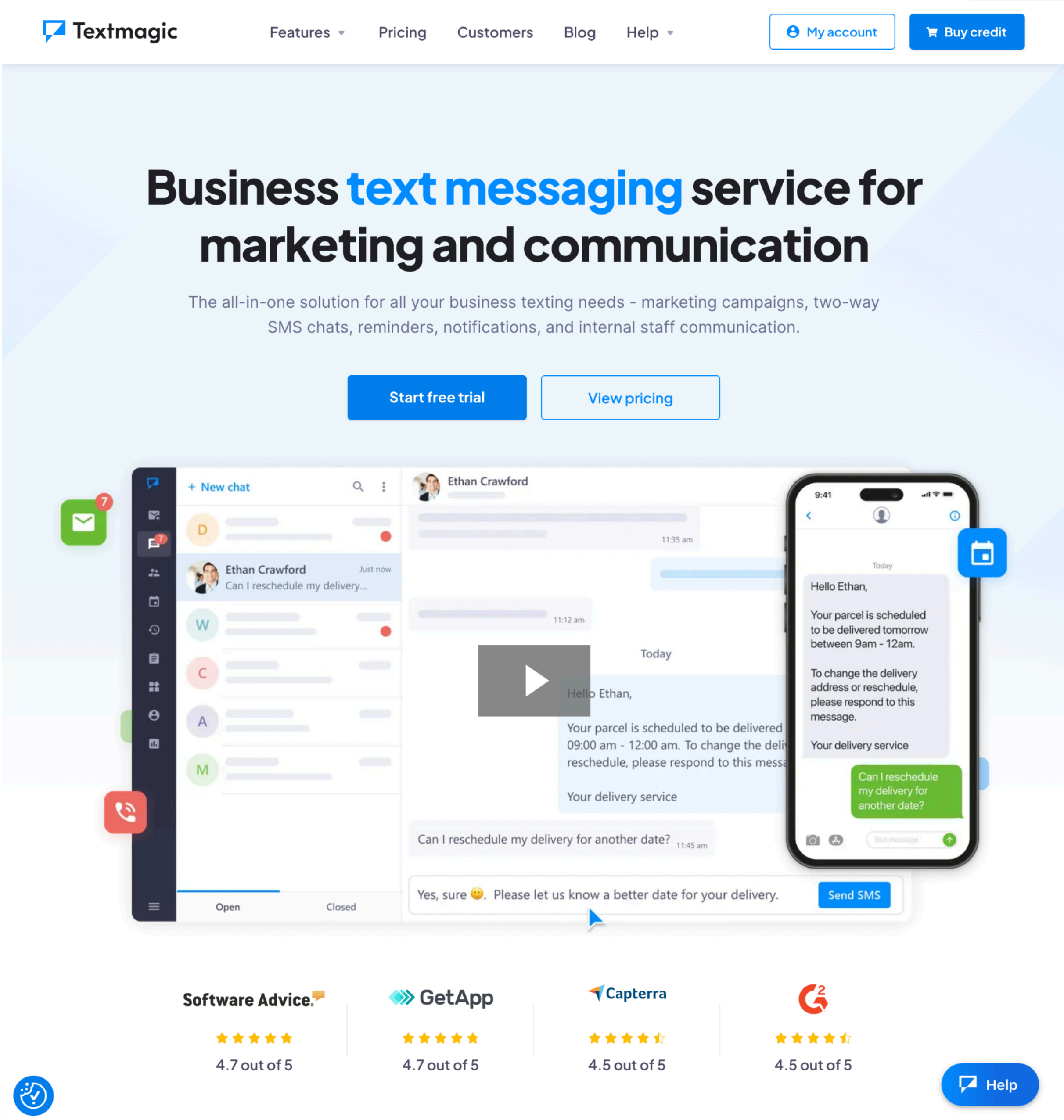
TextMagic AS organizes the management and development of intellectual property and manages the day-to-day business of the Group.

TextMagic Ltd is the sales unit of the Group and TM Marketing Ops Srl is the marketing unit of the Group.

On June 1, 2023, the Group acquired Edicy OÜ, a company that operates the website and e-commerce platform Voog and the marketing software Edicy, which was launched at the end of 2024.

THE GROUP'S PRODUCT PORTFOLIO

Textmagic

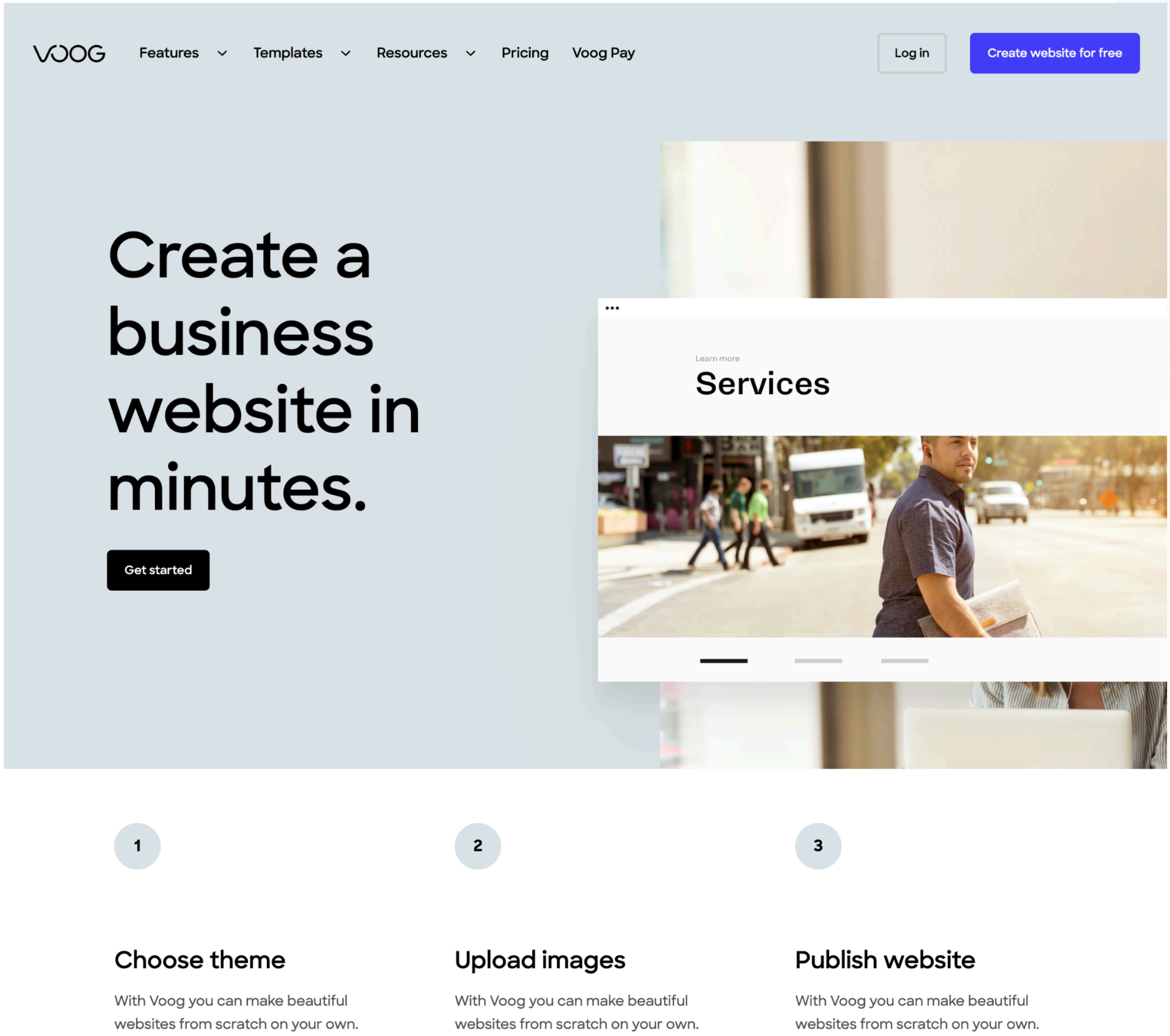


Textmagic is a powerful B2B marketing and customer communication software that helps businesses manage and automate customer interactions across various channels. The platform enables two-way messaging, order confirmations, reminders, notifications, and SMS marketing campaigns. Additionally, Textmagic supports two-factor authentication and increases the efficiency of customer service and sales teams.

Textmagic is a versatile solution that enables businesses to communicate with their customers conveniently and efficiently. Over the past year, the platform's functionality has expanded, adding new communication channels and customer support management capabilities. However, SMS remains a key channel due to Textmagic's long-term knowledge in this market.

The usage volume of the Textmagic platform continues to be influenced by seasonality – higher activity periods occur from March to May and September to November, while lower usage periods coincide with holidays and vacation seasons.

Voog



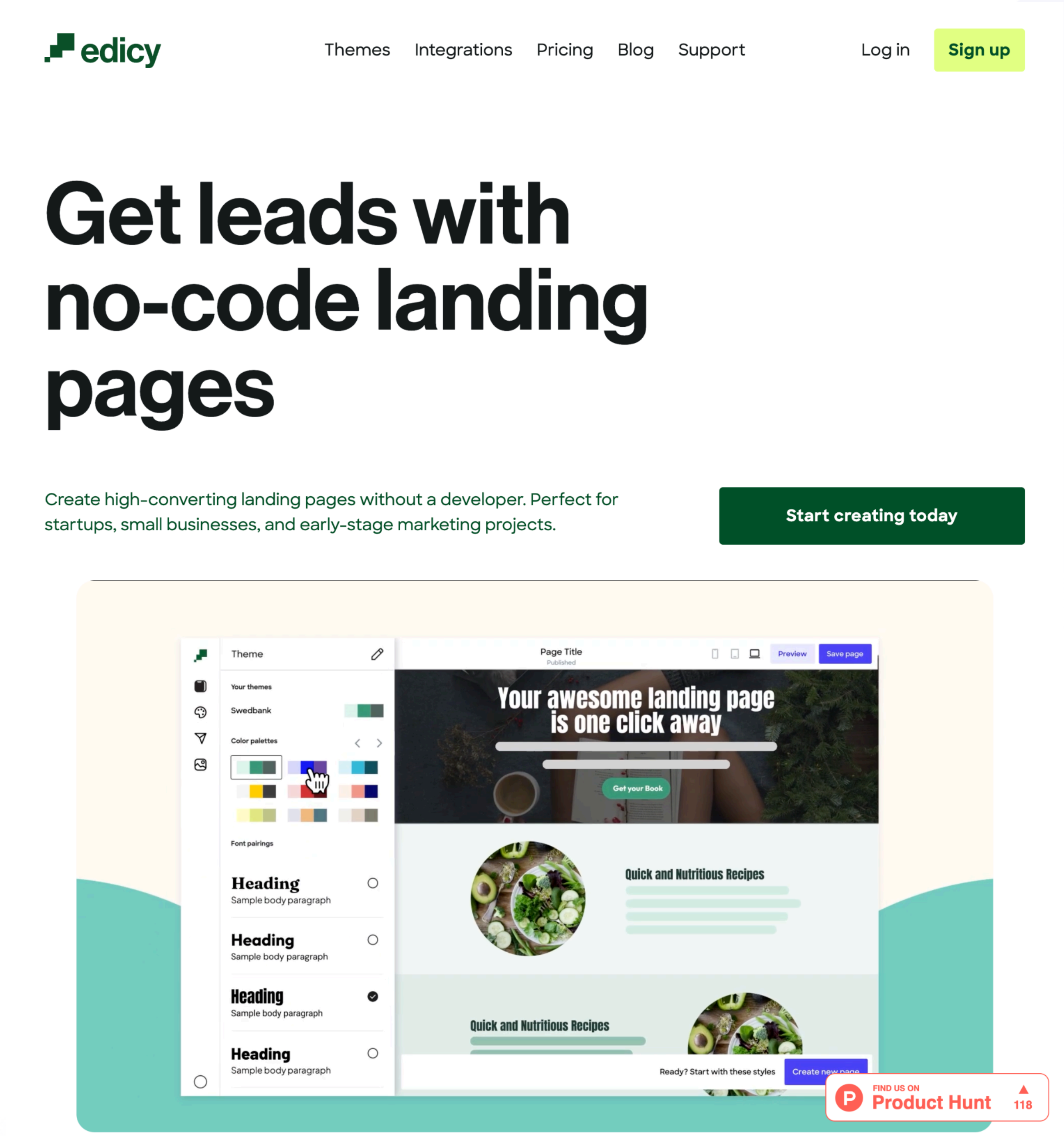
Voog is a flexible and user-friendly website creation platform designed for beginners and experts in web development. Its outstanding features include a highly intuitive drag-and-drop interface and multilingual capabilities.

Voog offers a range of beautifully designed templates that users can customize to match their brand's aesthetic, functionality, and message.

In addition to its aesthetic capabilities, Voog also supports the creation of online stores with integrated e-commerce features and SEO tools to help businesses increase their web visibility.

Customer feedback shows that the platform is highly valued for its easy-to-use customer service and competitive pricing.

[Edicy](#)



Edicy is a landing page creation tool primarily designed for marketing and sales campaigns. The platform offers a variety of design templates, language versions, and tools suitable for both businesses and hobbyists to quickly launch and manage their websites. The free beta version was launched in October 2024, with the paid version set to be released in the first quarter of 2025.

In addition to campaign pages, Edicy enables the creation of registration forms and product pages, which can be integrated with various marketing and analytics tools. The platform supports SEO optimization and provides easy integration with email marketing and social media channels. Thanks to its intuitive user interface and mobile-friendly design, Edicy is a convenient solution for both one-time campaigns and long-term marketing strategies.

CORPORATE GOVERNANCE

The highest governing body of TextMagic AS is the general meeting of shareholders. The general meeting of shareholders is responsible for amending the articles of association and the share capital, electing, removing and compensating the members of the supervisory board, appointing the auditor, approving the annual report, distributing profits and deciding on other matters prescribed by the articles of association and by law.

Every shareholder has the right to attend the general meeting, to speak on the items on the agenda and to ask reasoned questions and make proposals. Each share in TextMagic AS carries equal voting and dividend rights. All shareholders are equal and there are no restrictions or agreements regarding separate voting rights. To the best of our knowledge, there are no agreements between shareholders concerning the coordinated exercise of shareholders' rights.

The day-to-day business of TextMagic AS is represented and managed by the management board. According to the articles of association, the management board may consist of one to three members elected for a term of three years. As of December 31, 2024, the management board of TextMagic AS consists of one member, Mr. Priit Vaikmaa. The Group’s extended management team also includes administrative manager Kärtu Vaikmaa and financial manager Getter Grünmann. The board of TextMagic AS consults with the extended management on important decisions.

The management board is obliged to act in the most economical manner and to make day-to-day management decisions independently, based on the best interests of TextMagic AS and its shareholders, excluding personal interests. The members of the management board shall avoid conflicts of interest and observe non-competition clauses. The supervisory board shall decide on transactions of importance to the company involving TextMagic AS and its management board members or persons closely associated or related to them and shall determine the terms and conditions of such transactions.

A member of the management board of TextMagic AS may not solicit or accept money or other benefits from third parties in connection with his or her work for personal purposes, nor may he or she make unlawful or unjustified inducements to third parties on behalf of the issuer. There were no cases of conflict of interest or corruption in 2024 or 2023.

The Supervisory Board is responsible for planning the company's activities, organizing the management, and supervising the activities of the Management Board. According to the articles of association, the supervisory board of TextMagic AS consists of three to five members elected for a term of five years. As of December 31, 2024, the supervisory board of TextMagic AS consists of four members: Kärtu Vaikmaa, Eduard Tark, Pavel Karagjaur and Siim Vips. Two members of the Supervisory Board, who concurrently serve as employees, have an insider's perspective on the company, complemented by the unbiased viewpoints of two independent external board members.

The management of the TextMagic AS is closely intertwined with the management of its subsidiaries and business units. This governance framework is designed to best protect shareholder interests and ensure the longevity of the company.

RISK MANAGEMENT

Risk management is an essential and integral part of the management of the Group. The main objective of the Group's risk management is to achieve an optimal balance between potential losses or reduced profits and the resources required to mitigate these risks. The strategy focuses on risk prevention rather than risk response. In this context, risk is defined as any possible future event or situation that could prevent the Group or its business from achieving its objectives. The Group's ability to identify, quantify and manage the various risks has a significant impact on profitability. The risk management process consists of identifying, assessing, prioritizing, and mitigating risks.

We evaluate and prioritize our risks based on their potential impact and likelihood. In the current period, the Group's most significant business risks include technology risks (due to the constantly evolving technology landscape), regulatory and compliance risks (due to increasing scrutiny and changing regulations worldwide) and strategic risks (macro-economic, investments in new products) and, as a public company, reputational risk.

A company's activities may involve several financial risks. The TextMagic Group is not currently exposed to liquidity, credit or interest rate risk as the Group has no interest-bearing debt and has a strong cash position. To mitigate currency risk, the Group conducts its business in different currencies by keeping the largest revenues and expenses in the same currency.

SUSTAINABILITY

Sustainability is increasingly influencing the decisions of investors, consumers, regulatory authorities, and employees, making ESG (Environmental, Social, and Governance) a key factor in creating long-term business value. Companies that incorporate ESG principles are better positioned to adapt to evolving expectations and leverage emerging opportunities to strengthen their competitive advantage.

Although TextMagic AS is not required to submit sustainability reports as a company listed on the First North alternative market, we prioritize environmental awareness, responsible management decisions, and social balance. Our goal is to make choices that promote equality and well-being, both at the individual level and within the broader societal and environmental context.

In 2023, we began developing our ESG strategy, and in 2024, we actively monitored company processes in line with ESG principles. The next phase will focus on refining the strategy, defining key metrics, and implementing them to ensure a structured and measurable approach to sustainability within the company’s operations.

Environmental responsibility

Environmental sustainability permeates every aspect of our business. We have identified key areas of focus, with key principles emphasizing the promotion of environmentally responsible behaviors and the establishment of practices aimed at minimizing digital waste.

We prioritize energy efficiency by choosing appliances and equipment that limit energy consumption and by promoting habits that help save energy. We aim to use electricity from renewable sources whenever possible.

We are committed to reducing waste in our operations. We encourage employees to reduce, reuse and recycle. As part of our waste reduction initiatives, we are moving towards paperless operations to reduce unnecessary waste. Most of our operations are already paperless, i.e. we have digitized accounting, management and operational procedures. Our software products are designed to enable paperless operations for us and our customers.

We are in the process of developing an electronic waste management system that will provide a sustainable solution for the disposal of obsolete or broken hardware. For digital waste, we will implement a policy to reduce the storage of unnecessary data.

Our procurement process is guided by our environmental goals. We look for suppliers with a track record of sustainability and prioritize environmentally friendly office supplies. We give preference to certified eco-labelled products, reinforcing our commitment to sustainability throughout our supply chain.

The group's approach to travel also reflects our commitment to environmental sustainability. We use video conferencing and remote collaboration tools to reduce the frequency of business travel. Digital resources not only decrease our carbon footprint, but also increase our flexibility and responsiveness. Where travel is essential, we encourage employees to make sustainable choices.

Social responsibility

We focus on providing a healthy work environment for both traditional office and remote environments. This includes cleanliness, safety, ergonomic furniture and equipment, and natural lighting where possible. As part of our health promotion, fresh fruit is available daily in the office.

Mental health is an essential part of a healthy work environment, and we are developing a program to support our employees and help them manage stress.

Work-life balance is a critical component of our employee well-being strategy. We encourage reasonable working hours, respect personal time, and offer flexible work arrangements.

Competitive compensation and benefits are part of our commitment to our employees. We strive to provide packages that meet or exceed industry standards and reflect the value and contributions of each individual.

Our approach to employee training and development prioritizes digital programs to reduce our environmental footprint. We strive to ensure equal access to training and development opportunities for all employees.

Ethics are at the heart of our development programs and business operations. It is essential that our employees understand and adhere to our ethical standards, thereby maintaining a strong and fair organizational culture.

Respect for cultural diversity is promoted throughout the organization. This includes recognizing different cultural events and holidays and encouraging compliance with local norms and rules when employees travel. Diversity also extends to our leadership team. We strive to promote diversity at all levels of the organization, particularly in decision-making roles. As of the end of 2024, there were six members in total on the supervisory board, the management board, and the extended management team of the Group, two of whom were women.

Data protection and cybersecurity is an essential part of our business. We are committed to the protection of the privacy and security of our employees and customers. The Textmagic platform is SOC 2-certified for technical compliance and is audited annually.

We believe that it is important to make a contribution to societal good. We express this through charitable donations or grants that align with our company's values. Our charitable giving strategy is to participate in initiatives that promote environmental sustainability, the education of young people and the well-being of children.

Textmagic

Governance responsibility

Ensuring the ethical and professional conduct of the organization is an important part of the management of the Group.

First, honesty and integrity must be respected at all levels. It is essential that all employees act honestly and transparently and provide accurate information in all communications. This includes avoiding fraudulent or misleading practices and maintaining a high level of personal integrity and accountability.

Second, we value respect for all people. The company fosters an environment of equality and non-discrimination in which employees treat all people with respect, regardless of race, age, gender, religion or nationality. This includes creating a harassment-free workplace where employees are protected from bullying and intimidating behavior.

The importance of confidentiality and sensitive information cannot be overstated. Employees have a duty to maintain the confidentiality of sensitive company and customer information and to respect all intellectual property.

The Conflict of Interest Policy requires employees to avoid such conflicts and to disclose them when they arise. Accepting or offering bribes or inappropriate gifts that could influence business decisions is strictly prohibited.

Good governance ensures that the company operates in a transparent, honest and accountable manner.

Management accountability is at the heart of our governance principles, whereby company leaders are accountable for their actions and decisions and act in the best interests of the company, its employees, customers, and shareholders.

Adherence to industry standards, including software development, privacy, and customer service, is mandatory.

Transparency and disclosure are a priority. The management promotes a culture of open communication, both internally and externally, and reports regularly and accurately on its financial and operational performance.

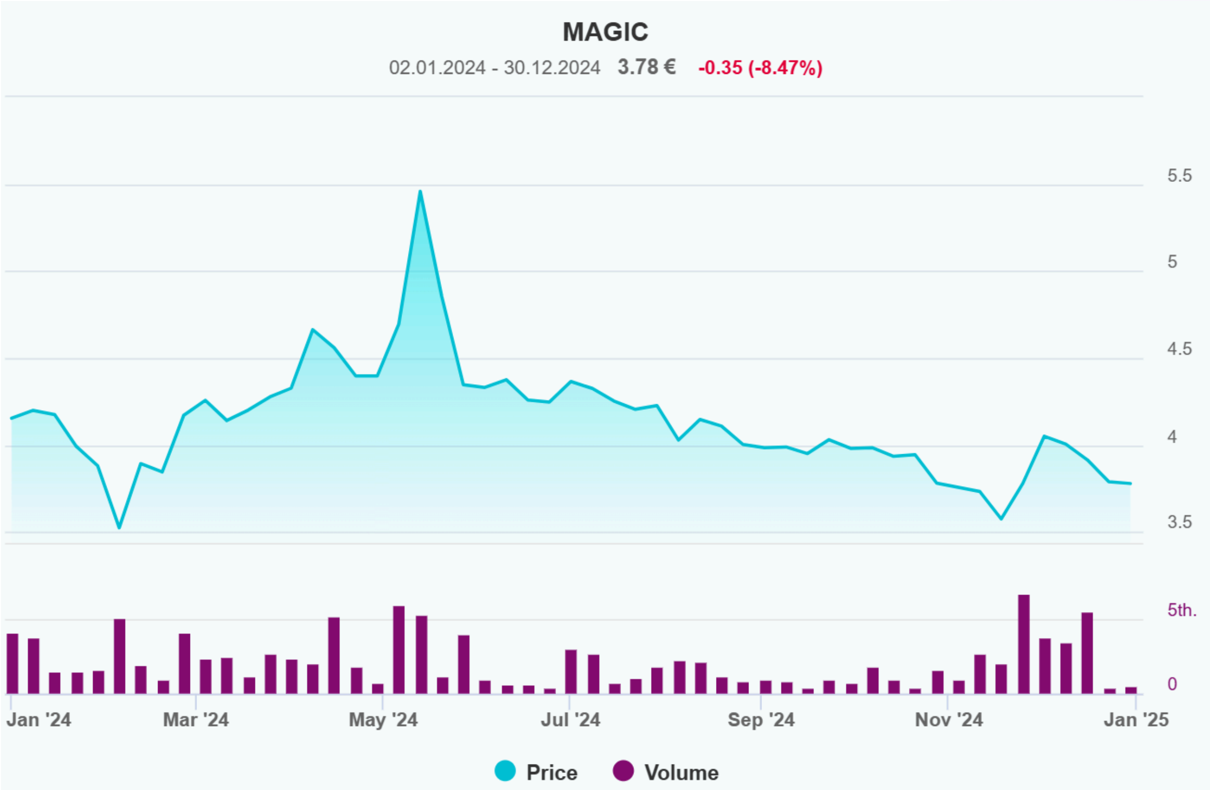
Stakeholder engagement, including respect for shareholders' rights and regular dialog with all stakeholders, is an integral part of the company's activities.

Risk management, which includes the regular identification, assessment, and mitigation of potential risks, is an important aspect of our governance.

We believe it is important for the management to be balanced and independent, with a diversity of skills, experience, gender, race and age. Diversity in the composition of the management reflects a range of perspectives to effectively address changing needs and represent the best interests of shareholders.

TEXTMAGIC SHARES

The shares of TextMagic AS are listed on the Nasdaq Baltic Alternative Market First North Tallinn as of December 15, 2021. As of December 31, 2024, 8,500,000 shares have been issued with a nominal value of EUR 0.1 per share, resulting in a share capital of EUR 850,000. All shares are of the same class and there are no restrictions on ownership. The Articles of Association of the Company do not impose any restrictions on the transfer of shares. Also, there are no known restrictions on the transfer of securities established by shareholders' agreements.



Only Priit Vaikmaa, the company's CEO and a member of the board, has a significant shareholding (more than 5%) through the holding company Monday Media OÜ.

TextMagic stock	2024	2023
Average price	4.14	6.74
Maximum price	6.66	7.74
Minimum price	3.30	4.10
Closing price at December 31	3.78	4.20
Number of shares at December 31	8,500,000	8,500,000
Number of shareholders at December 31	6,215	7,042
Market value of the company at December 31 (Closing price * number of shares)	32,130,000	35,700,000
Earnings per share (EPS) (Profit / number of shares)	0.24	(2.43)
Price to Sales ratio (P/S)	2.12	2.38

Dividend policy

The Group's objective is to provide shareholders with a return that is commensurate with the Group's performance and financial position. The realization of distributions is a priority for the Group but will always depend on the Group's growth potential and the availability of financial resources.

In 2022, the shareholders approved a distribution of EUR 2,550 thousand (30 cents per share) from equity, which was paid in February 2023. In May 2024, the shareholders decided to distribute €5,015 thousand (59 cents per share) from equity through a bonus issue and capital reduction, which was paid out in December 2024..

The management of TextMagic AS also plans to propose future distributions to the shareholders, either in the form of dividends or other equity distributions, subject to the possibilities and limitations imposed by law. The realization of such distributions will depend on the financial strength and liquidity of the Group. A company ensures that the payment of dividends or other equity distributions does not jeopardize its financial stability or its ability to meet its long-term obligations.

Priit Vaikmaa

CEO, TextMagic AS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	Note	31.12. 2024	31.12. 2023
Non-current assets			
Property, plant and equipment	7	581	105
Intangible assets and goodwill	8	32,972	32,854
Total non-current assets		**33,553**	**32,959**
Current assets			
Trade and other receivables		22	24
Prepayments		165	231
Financial Investments	10	0	2,500
Cash and cash equivalents		3,432	3,900
Total current assets		**3,619**	**6,655**
TOTAL ASSETS		**37,172**	**39,614**
Current Liabilities			
Current tax liabilities	13	270	232
Trade and other payables	12	913	791
Lease liabilities	14	107	0
Contract liabilities	17	1,669	1,659
Other provisions	15	384	1,117
Total current liabilities		**3,343**	**3,799**
Long-Term Liabilities			
Lease liabilities	14	309	**0**
Total long-term liabilities		**309**	**0**
Total liabilities		**3,652**	**3,799**
Equity			
Share capital	11	850	850
Share premium	11	141	51,242
Reserve capital	11	85	85
Voluntary reserve	11	27,710	0
Other reserve	11	1,235	2,035
Foreign currency translation reserve		(35)	(21)
Retained earnings		3,534	(18,376)
Equity attributable to owners of the parent		**33,520**	**35,815**
Total equity		**33,520**	**35,815**
TOTAL EQUITY AND LIABILITIES		**37,172**	**39,614**

The Notes presented on pages 25 to 65 form an integral part of the consolidated financial statements.

Textmagic

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	Note	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Revenue	17	15,175	14,970
Other income		175	93
Goods, raw materials and services	18	(4,764)	(4,786)
Other operating expenses	19	(1,887)	(1,715)
Work performed by the entity and capitalized		4,327	2,651
Employee expenses	20	(6,871)	(4,801)
Depreciation, amortization and impairment of non-current assets	7, 8	(4,342)	(3,670)
Other expenses		(10)	(180)
Operating profit (loss)		**1,803**	**2,562**
Discontinued Operations	21	0	(23,392)
Financial Income		258	183
Profit (loss) before tax		**2,061**	**(20,647)**
Income tax	13	(8)	(10)
Profit (loss) for the period		**2,053**	**(20,657)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(14)	20
Other comprehensive income for the period, net of tax		**(14)**	**20**
Total comprehensive income for the period		**2,039**	**(20,637)**

The Notes presented on pages 25 to 65 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand euros)	Note	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Cash flows from operating activities			
Profit (loss) for the period - continuing operations		**2,053**	**2,735**
Adjustments for:			
Depreciation and amortization	7, 8	4,342	3,670
Financial Income		(258)	(183)
Other adjustments		318	489
Total adjustments		**4,402**	**3,976**
Changes in trade and other receivables		2	(25)
Changes in contract liabilities		10	(96)
Changes in prepayments		66	(102)
Changes in trade and other payables		(573)	519
Cash flows from operating activities – continuing operations		**5,960**	**7 007**
Cash flows from operating activities – discontinued operations		0	(882)
Cash flows from operating activities		**5,960**	**6,125**
Cash flows from investing activities			
Net cash flows from business combinations		0	(1,100)
Interest received		258	183
Fixed-term deposits	10	2,500	(2,500)
Acquisition of property, plant and equipment	7	(140)	(16)
Development expenditure	8	(3,962)	(2,278)
Cash flows used in investing activities – continuing operations		**(1,344)**	**(5,711)**
Cash flows used in investing activities – discontinued operations		0	(3,129)
Cash flows used in investing activities		**(1,344)**	**(8,840)**

Cash flows from financing activities			
Lease liability principal repayments	14	(55)	0
Payouts to shareholders		(5,015)	(2 550)
Cash flows from financing activities – continuing operations		**(5,070)**	**(2 550)**
Cash flows from financing activities – discontinued operations		0	0
Cash flows from financing activities		**(5,070)**	**(2 550)**

TOTAL CASH FLOWS	**(454)**	**(5 265)**
Cash and cash equivalents at the beginning	3,900	9 145
Effect of movements in exchange rates on cash held	(14)	20
Cash and cash equivalents at the end	**3,432**	**3 900**

The Notes presented on pages 25 to 65 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Total equity attributable to owners of TextMagic AS							
	Share Capital	Share premium	Reserve capital	Voluntary reserve	Other reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at December 31, 2022	**850**	**51,242**	**0**	**0**	**1,651**	**(41)**	**1,784**	**55,486**
Loss for the period	0	0	0	0	0	0	(20 657)	**(20 657)**
Other comprehensive income for the period	0	0	0	0	0	20	0	**20**
Other changes in equity	0	0	85	0	384	0	497	**966**
Balance at December 31, 2023	**850**	**51,242**	**85**	**0**	**2,035**	**(21)**	**(18,376)**	**35,815**
Profit for the period	0	0	0	0	0	0	2,053	**2,053**
Other comprehensive income for the period	0	0	0	0	0	(14)	0	**(14)**
Covering loss	0	(18,376)	0	0	0	0	18,376	**0**
Transactions with shareholders	0	(5,015)	0	0	0	0	0	**(5,015)**
Other changes in equity	0	(27,710)	0	27,710	(800)	0	1,481	**681**
Balance at December 31, 2024	**850**	**141**	**85**	**27,710**	**1,235**	**(35)**	**3,534**	**33,520**

More detailed information on the Group's equity items is provided in Note 11.

The Notes presented on pages 25 to 65 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

TextMagic AS (hereinafter also referred to as the Parent Company or the Company) is a company incorporated in the Republic of Estonia on April 21, 2021. The registered address of the Company is A. H. Tammsaare 56, 11316 Tallinn, Republic of Estonia. The consolidated financial statements of TextMagic AS for the year ended December 31, 2024 include the Parent Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The Group's principal activity is the management and development of software products.

The Group's financial year begins on January 1 and ends on December 31.

The management board authorized the consolidated financial statements for issue on March 21, 2025. Under the Estonian Commercial Code, the annual report must also be approved by the supervisory board and the shareholders. The Shareholders may decide not to approve the annual report prepared by the Management Board and approved by the Supervisory Board and may demand the preparation of a new annual report.

NOTE 2. BASIS OF ACCOUNTING

The Group’s consolidated financial statements as at and for the year ended December 31, 2024, have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS).

The accounting and reporting principles described have been applied consistently to all periods presented.

NOTE 3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in euro, which is the Company’s functional currency. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The functional currency of each consolidated entity of the Group is the currency of the primary economic environment in which the entity operates. The functional currency of the Group’s Estonian subsidiary is the EUR and the functional currency of the United Kingdom subsidiary is the GBP and Romanian subsidiary is the RON. The presentation currency of the Group is the official currency of the Republic of Estonia, the euro (EUR).

NOTE 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Management estimates and judgements

The areas requiring key management judgments and estimates which have a direct impact on the amount reported in the financial statements are as follows:

The useful life of an intangible asset

Management has estimated the useful lives of intangible assets, considering business conditions and components of intangible assets, historical experience in the field and future prospects.

The useful life of the software is estimated to be 5 to 10 years, based on known experience with the work performed and the moral obsolescence of the software components. As of December 31, 2024, the carrying amount of software and incomplete software is €30,977 thousand. If the amortization rate would change by 1%, the amortization expense would change by €310 thousand.

Valuation of property, plant, and equipment

Tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. According to the management, there were no indications of impairment of assets as of December 31, 2024, as the company's management forecasts continued positive cash flows from operating activities in the coming years, therefore no asset value tests were performed. As of December 31, 2024, the residual value of property, plant and equipment is €581 thousand, and the residual value of intangible assets is €32,972 thousand (Notes 7 and 8).

Valuation of incomplete intangible assets

The discounted cash flow method was used to test the recoverable amount of software in development over the next five years. For the estimation of revenues, the usage volume was based on the experience of similar companies in similar markets and the price levels of competitors, and the cost base was based on the experience of the TextMagic Group. As of December 31, 2024, the residual value of incomplete intangible assets was €534 thousand (Note 8).

Impairment assessment of goodwill

The Group assesses at least once a year the possible decrease in the carrying amount of goodwill arising on the acquisition of a subsidiary. To determine the value in use, management has estimated the future cash flows of the cash-generating units and selected an appropriate discount rate to determine the present value of the cash flows. The carrying amount of goodwill as of December 31, 2024, was €256 thousand. As a result of the goodwill tests performed in 2024 no need for goodwill impairment was identified (Note 8).

Measurement of fair values

Many of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In measuring fair value, a transaction to sell an asset or transfer a liability is assumed to occur either:

- the main market for the asset or liability; or
- if there is no primary market, the most advantageous market.

The Group must have access to the main or most advantageous market on the measurement date.

The measurement of the fair value of an asset or liability uses assumptions that market participants would use in determining the price of the asset or liability, assuming that market participants act in their best economic interests. The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by making the best use of the asset or by selling it to the market participant who would make the best use of the asset.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the Note 6 Financial instruments.

NOTE 5. ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

Basis of consolidation

Business combinations

As of the acquisition date, the acquirer recognizes its interest in the acquiree's assets, liabilities and contingent liabilities and goodwill arising in its consolidated balance sheet and its share of the acquiree's income and expenses in the consolidated income statement. Consolidation of subsidiaries is terminated when the parent loses control of the subsidiary. Business combinations are accounted for in the consolidated financial statements using the purchase method.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Separate financial statements of the Parent Company

Pursuant to the Estonian Accounting Act, the Parent Company's unconsolidated financial statements (statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity) are presented in the notes to the consolidated financial statements. The unconsolidated primary financial statements of AS TextMagic are presented in Note 24 "Financial information on the parent company of the group". These financial statements have been prepared using the same accounting policies and measurement bases as the consolidated financial statements, except for investments in subsidiaries, which are stated at cost in the Parent Company's separate financial statements.

Cash and cash equivalents

The statement of cash flows is prepared using the indirect method whereby the net cash flow from operating activities is determined by adjusting net profit or loss for the effects of gains and losses associated with investing or financing activities, transactions of a non-cash nature and changes during the period in current assets and current liabilities related to operating activities.

Cash flows from investing and financing activities are reported by disclosing gross cash receipts and gross cash payments. Non-cash transactions are excluded.

Functional and presentation currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

Foreign operations

The following principles apply to the translation into the presentation currency of the financial statements of foreign operations:

- ➢ The assets and liabilities of all foreign operations are translated at the exchange rate of the European Central Bank at the balance sheet date;
- ➢ Income and expenses are translated at the average exchange rates of the period;
- ➢ Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial assets and liabilities

Recognition and initial measurement

Trade receivables are recognized at origination. All other financial assets and liabilities are recognized when the Group becomes party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are measured at initial recognition at the transaction price.

Classification, subsequent measurement and gains and losses

Financial assets

After initial recognition, the Group measures a financial asset at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if both of the following conditions are met (and is not designated as at FVTPL):

- ➢ the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ➢ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies cash and cash equivalents, trade receivables, loans provided, and other receivables as financial assets measured at amortized cost.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and it has not been designated as a financial asset at fair value through profit or loss:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that have not been classified as financial assets measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss.

The following table provides an overview of the Group's financial assets and their measurement and recognition of gains and losses.

Amortized cost	Assets designated to this category are measured at amortized cost using the effective interest method. In determining amortized cost, impairment losses are deducted from the carrying amount. Interest income, foreign exchange gains and losses and impairment losses on the assets are recognized in profit or loss. A gain or loss arising on derecognition is recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost or fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss when it is held for trading, is a derivative, or designated as such upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss on them as well as any interest expense is recognized in profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses on them are recognized in profit or loss. Gains and losses arising on derecognition are recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when, and only when, its contractual rights to the cash flows from the financial asset expire or when the Group transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities

The Group removes a financial liability from its statement of financial position when, and only when, it is extinguished. That is, when the obligation specified in the contract is discharged or canceled or expires. A financial liability is derecognized when its terms are substantially modified so that its cash flows become significantly different from the originally agreed ones. In that case the Group recognizes a new financial liability based on the modified terms and measures it at fair value.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost.

The Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses except for financial assets whose loss allowance is measured at an amount equal to 12-month expected credit losses such as:

- ➢ other receivables;
- ➢ cash and cash equivalents whose credit risk has not increased significantly since initial recognition.

The Group accounts for expected credit losses on all trade receivables using the simplified approach provided in IFRS 9 that allows recognizing the loss allowance at an amount equal to lifetime expected credit losses.

The Group always recognizes the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are calculated using a provision matrix, which is based on the Group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and, where appropriate, the time value of money.

Expected credit losses are a probability-weighted estimate of credit losses. A credit loss is a difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the financial asset's effective interest rate.

The carrying amount of a financial asset measured at amortized cost is reduced by the amount of its loss allowance.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

Asset classes are assigned the following annual depreciation rates:

- ➢ office equipment: 20%
- ➢ computer equipment: 33%

Depreciation methods, annual depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets and goodwill

Recognition and measurement

Research and development	Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure (including the software) is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. Capitalized development costs are recognized as an intangible asset and amortized from the date the asset is available for its intended use. Until taken into, capitalized development costs have been recognized under incomplete software.
Other intangible assets	Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment loss.
Goodwill	Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired subsidiary, associate, or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested at least annually for impairment and where necessary, impairment losses are recognized. Impairment losses on goodwill are not reversed. If the cost of acquisition is lower than the fair value of the net assets acquired, the difference is recognized directly in profit or loss. For impairment testing, goodwill is allocated to the asset groups for which it is possible to identify cash flows (cash-generating units). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The basis for the recoverable amount of a cash-generating unit is the expected cash flows of that cash-generating unit, which are discounted using the weighted average cost of capital. When the carrying amount of the investment is not recoverable, the investment is written down to its recoverable amount and an impairment loss is recognized. When the carrying amount of the investment is recoverable, no impairment loss is recognized. The estimates and decisions used for evaluation of business combinations are reviewed on an ongoing basis and if actual results differ from estimates, the latter are adjusted.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using both non-linear and straight-line methods. Under the straight-line method amortization cost is written off over their estimated useful lives and is generally recognized in profit or loss.

Asset classes are assigned the following annual depreciation rates:

- software and development costs: 10% - 20%
- other intangible assets: 10%

Amortization methods, annual depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate.

Discontinued operations

An operating segment is presented as a discontinued operation if the activity represents a separate major line of business or geographical area of operations. It assumes that the relevant business segment, along with its activities and cash flows, can be clearly distinguished, both operationally and for financial reporting purposes, from the rest of the entity's operations.

Leases

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control and use an identified asset for a period of time in exchange for consideration. In assessing whether a contract conveys the right to control and use an identified asset, the group applies the definition of a lease as set out in IFRS 16.

The group as a lessee

When entering into or modifying a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their stand-alone price.

The group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, at an amount equal to the initial measurement of the lease liability. The amount of the initial measurement of the lease liability is adjusted for any advance lease payments, any direct costs incurred and any restoration costs to be incurred (in dismantling the asset and restoring the site or the asset). Any lease incentives received are deducted from this amount.

The group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The group recognizes these lease payments as an expense on a straight-line basis over the lease term.

Financial investments

Current and non-current financial investments in shares and other equity instruments (except for investments in subsidiaries and associates) are stated initially at cost. Equity instruments are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Shares in subsidiaries and associates

Investments in subsidiaries are stated at cost in the Parent Company's unconsolidated balance sheet. Under the acquisition cost method, the initial acquisition cost is adjusted in subsequent periods, if necessary, for impairment losses on the investment. An assessment is made at each reporting date as to whether there is any indication that the recoverable amount of an investment may have fallen below its carrying amount. If such indications exist, an asset value test is performed. Dividends paid by the investee are recognized as income when the investor becomes entitled to the dividends.

Employee benefits

Current employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Share-based payments

Group operates a share-based compensation plan, under which the Company receives services from group employees and other service providers as consideration for equity instruments (options) of TextMagic AS. The fair value of the employee and other service provider services received in exchange for the grant of the options is recognized during the shared-based compensation program as the group's staff expense and as an increase in the equity (other reserves). The total amount to be expensed is determined by the fair value at the time of issuing the options.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the vesting conditions (other than market conditions). The impact of the revision to original estimates, if any, is recognized in the statement of profit or loss, with a corresponding adjustment to equity.

Revenue

Textmagic platform’s revenue

Revenue is measured based on the consideration agreed in the contract signed with the customer. The Group recognizes revenue when (or as) it satisfies the performance obligation, i.e. when a customer uses the service on the platform.

The Group provides a license to customers to access a text-messaging platform and use it for numerous services. The customers do not pay separately to access the platform but instead pay for usage-based services.

The table below provides information about the nature and timing of performance obligations arising from contracts with customers and related revenue accounting policies.

Type of product / service	Nature and timing of the satisfaction of the performance obligation, important payment terms	Revenue recognition
Text-messaging services and other related services	The Group offers various services such as sending and receiving of SMS and MMS, two-way SMS chat, e-mail to SMS, calls, call forwarding and carrier lookup services to the customers. The service is paid for in advance. Unused credit can be reclaimed at any time. Credit for inactive accounts more than 24 months will expire. Revenue is recognized on usage-based royalties.	Revenue from text-messaging services and other related services is recognized at a point in time when the customer uses the service on the platform. Advances received are included in contract liabilities.
Virtual mobile number services	The Group provides virtual phone number services. Revenue is recognized on usage-based royalties. The Group receives prepayments from customers as considerations for the virtual phone number services and customers are charged monthly for the services provided.	Revenue from virtual mobile number services is recognized during the period in which customers use the services. Revenue is based on actual services provided. Advances received are included in contract liabilities.

Voog platform's revenue

Revenue is measured based on the consideration agreed in the contract signed with the customer. The Group recognizes revenue when (or as) it satisfies the performance obligation, i.e. when a customer uses the service on the platform.

The Group provides a license to customers to access a text-messaging platform and use it for numerous services. The customers do not pay separately to access the platform but instead pay for usage-based services.

The table below provides information about the nature and timing of performance obligations arising from contracts with customers and related revenue accounting policies.

Type of product / service	Nature and timing of the satisfaction of the performance obligation, important payment terms	Revenue recognition
Monthly or annual licensed web services	The Group provides customers with web-based software for the creation and management of websites and e-shops. The service is paid for in advance. There are no refunds of unused credits to customers. Revenue is recognized over the period of the service.	Revenue is recognized over the term of the license. Advance payments received are included in the liability for customer contracts.
Web services by volume of use	The Group offers an e-store solution with pricing based on the volume of transactions in the e-store. The service is paid monthly at the end of the service period.	Revenue is recognized in the period in which the customer uses the service on the platform.

Statutory capital reserve

Under the Estonian Commercial Code and the articles of association of the parent company, every year the parent has to transfer at least 5% of its net profit to the capital reserve until the reserve amounts to 10% of share capital. The statutory capital reserve may not be distributed as dividends, but it may be used for covering losses if losses cannot be covered with unrestricted equity. The capital reserve may also be used for increasing share capital.

Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or recoverable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Corporate income tax in Estonia

According to the Estonian Income Tax Act, undistributed profits of companies registered in Estonia are not subject to taxation. Instead, income tax is levied on profit distribution, including dividend payments.

In 2024, the applicable corporate income tax rate was 20% (20/80 of net dividends paid), with a special provision allowing a lower rate of 14% (14/86 of the net dividend amount) for regular profit distributions. However, starting from January 1, 2025, the corporate income tax rate on dividends will increase to 22% (22/78 of net dividends paid). The previously applicable reduced rate of 14% (14/86) for regular profit distributions has been abolished, and a single tax rate will apply to all dividends.

For dividends previously subject to the 14% tax rate and paid to individuals, an additional withholding tax of 7% must still be applied. The corporate income tax related to dividend payments is recognized as an income tax expense in the period when dividends are declared. The maximum potential corporate income tax liability related to dividend payments is disclosed in Note 16.

Starting from January 1, 2026, a temporary security tax will be introduced in Estonia, consisting of the following components:

- The standard VAT rate will increase from 22% to 24% as of July 1, 2025.
- A 2% additional tax will be applied to taxable income of individuals from 2026 onward.
- A 2% additional tax will be applied to corporate profits starting in 2026, bringing the total corporate tax rate to 24% (22% corporate tax + 2% security tax).
- The purpose of the security tax is to cover expenses related to strengthening national defense and other security-related investments. Companies should note that this tax will be payable as advance payments from 2026 onward, based on the previous fiscal year's (or, in certain cases, quarterly) profits.

Corporate income tax in United Kingdom

In the United Kingdom corporate profits are taxable with income tax. Taxable income is calculated by adjusting profit before tax for permanent and temporary differences as permitted by local tax laws. The corporate income tax rate is 19% on taxable income.

Corporate income tax in Romania

In Romania corporate profits are taxable with income tax. Taxable income is calculated by adjusting profit before tax for permanent and temporary differences as permitted by local tax laws. The corporate income tax rate is 16% on taxable income, while the income tax rate for micro-enterprises is 1%.

Related parties

For the purposes of these consolidated financial statements, parties are related if one controls the other or can exert significant influence on the other’s operating decisions. Related parties include:

- owners of the Parent Company;
- other companies belonging to the same Group; and
- members of the Group’s management and supervisory boards and shareholders with a significant ownership interest unless those persons cannot exert significant influence on the Group’s operating decisions.

In addition, related parties include close family members of the above persons and companies related to them.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which financial information is available. An operating segment’s results are subsequently reviewed by the management of the Group in order to assess the performance of and allocate resources to the operating segment.

Events after the reporting period

The consolidated financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the reporting date and the date on which the financial statements were authorized for issue but are related to the reporting or prior periods.

Subsequent events that are indicative of conditions that arose after the reporting date but which will have a significant effect on the result of the next financial year are disclosed in the notes to the consolidated financial statements.

Adoption of new or revised standards and interpretations

The following new and amended standards apply to reporting periods beginning on or after 1 January 2024, with earlier application permitted. The Group has not early adopted any of these new or amended standards and estimates that their implementation will not have a material impact on the Group's consolidated financial statements. The relevant amendments include:

- "Lack of Exchangeability" (Amendments to IAS 21)
- "Amendments to the Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)
- IFRS 19 "Subsidiaries Without Public Accountability: Disclosures"
- Annual Improvements to IFRS Standards – Cycle 11

The IFRS 18 "Presentation and Disclosure in Financial Statements" standard has been issued and applies to reporting periods beginning on or after 1 January 2027. Early application is permitted. IFRS 18 replaces IAS 1 "Presentation of Financial Statements". The key changes in the requirements are summarized below.

More Structured Statement of Profit or Loss

IFRS 18 introduces new defined subtotals: "operating profit or loss" and "profit or loss before financing and income tax". Additionally, it requires all income and expenses to be classified into three distinct categories based on the entity's primary activities: Operating activities, Investing activities, Financing activities. Under IFRS 18, entities can no longer present operating expenses only in the notes. Instead, they must present operating expenses in a manner that provides the most useful structured summary of their costs, using one of the following methods:

- By nature
- By function
- A combined presentation

If operating expenses are presented by function, new disclosure requirements apply.

Disclosure and Audit of Management-Defined Performance Measures (MPMs)

IFRS 18 requires entities to disclose certain performance measures that are not defined in IFRS. The standard introduces a narrow definition of management-defined performance measures (MPMs), which must meet the following criteria:

- They are subtotals of income and expenses
- They are used in public communications outside financial statements
- They reflect management's view of financial performance

For each MPM presented, the entity must disclose in the notes: the reason why the measure is useful; how it is calculated and a reconciliation with the most directly comparable IFRS-defined measure.

Improved Disaggregation of Information

To enhance transparency for investors, the new standard provides more detailed guidance on how to aggregate and disaggregate information in financial statements. This includes specifying whether information should be presented in the primary financial statements or in the notes with more detailed breakdowns.

Entities are discouraged from using the line item "Other", and if they do, they must provide additional disclosures explaining its composition.

Other Amendments to Primary Financial Statements

IFRS 18 requires that when presenting operating cash flows using the indirect method, the starting point must be operating profit or loss. Additionally, it eliminates the option to classify interest and dividend cash flows as operating activities in the statement of cash flows (except for specific entities with defined main activities). Furthermore, a new requirement is introduced to present goodwill separately in the statement of financial position.

Transition Requirements

In the financial statements for the period in which IFRS 18 is first applied, an entity must present a comparison for the immediately preceding period, disclosing:

- The restated amounts under IFRS 18
- The previously reported amounts under IAS 1

Potential Impact on the Financial Statements

TextMagic Group intends to apply IFRS 18 starting from 1 January 2027. The Group anticipates that the new standard may have a material impact on its financial statements upon initial application. The Group is currently assessing the potential impact of IFRS 18 on its financial reporting.

NOTE 6. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(in thousands of euros)	Carrying amount		Fair value	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial assets measured at amortized cost				
Trade and other receivables	22	23	22	23
Receivables from related parties	0	1	0	1
Term deposits	0	2,500	0	2,500
Cash and cash equivalents	3,432	3,900	3,432	3,900
Total financial assets	**3,454**	**6,424**	**3,454**	**6,424**
Financial liabilities measured at amortized cost				
Trade payables (Note 12)	448	315	448	315
Lease liabilities (Note 14)	416	0	416	0
Other payables (Note 12)	465	476	465	476
Other provisions (Note 15)	384	1,117	384	1,117
Total financial liabilities	**1,713**	**1,908**	**1,713**	**1,908**

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or other party to a financial instrument fails to meet its contractual obligations and arises primarily from the Group's trade receivables.

Due to the specifics of the Group's business activity, where the provision of the service is paid for in advance, the Management Board assesses that the Group is not exposed to significant credit risks, related to financial assets.

Cash and cash equivalents

As at December 31, 2024, the Group had cash and cash equivalents in the amount of €3,432 thousand (December 31, 2023: €3,900 thousand).

Bank / Service provider	Moody's	Standard & Poor's	31.12.2024	31.12.2023
HSBC UK Bank plc	A1	A+	190	74
ING Bank N.V. Amsterdam Sucursala Bucuresti	Aa3	A+	109	89
LHV Pank AS	A3	-	547	114
Swedbank AS	Aa3	-	52	87
SEB Eesti AS	Aa3	-	25	44
Paypal	A3	-	46	72
Stripe	-	-	208	374
Wise	-	-	2,252	3,044
Other	-	-	3	2

The Group estimates that the credit risk of cash and cash equivalents is low based on the history of the credit institutions and other financial service providers and their financial positions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with the transfer of cash or another financial asset. Long-term liquidity risk is the risk that the Group will not have sufficient free cash or other sources of liquidity to cover future liquidity needs to implement its business plan and meet its obligations, or that the Group will therefore have to raise available funds in a limited time.

The objective of the Group is to keep the Group's financing needs and financing opportunities in balance. Liquidity risks for the Group are managed centrally within the parent company. The aim of the Group’s liquidity risk management is to maintain sufficient amounts of cash and its equivalents, and to ensure the availability of funding. Currently the cash flow from operating activities has been sufficient to maintain and grow the business. So far there has been no need to use external financing. To manage the liquidity risk, the Group considers using various sources of financing, where necessary and justified.

Exposure to liquidity risk

The remaining contractual maturities of financial liabilities as at the reporting date are as follows. The amounts are gross and undiscounted. Contract liabilities are related to the provision of services in subsequent periods.

31.12.2024 (in thousands of euros)	Contractual cash flows					
	Gross carrying amount	1-3 months	4-12 months	1-5 years	Over 5 years	Total
Trade payables (Note 12)	448	448	0	0	0	448
Lease liabilities (Note 14)	416	33	98	285	0	416
Other payables (Note 12)	465	465	0	0	0	465
Total	**1,329**	**946**	**98**	**285**	**0**	**1,329**

31.12.2023 (in thousands of euros)	Contractual cash flows					
	Gross carrying amount	1-3 months	4-12 months	1-5 years	Over 5 years	Total
Trade payables (Note 12)	315	315	0	0	0	315
Other payables (Note 12)	476	476	0	0	0	476
Total	**791**	**791**	**0**	**0**	**0**	**791**

Market risk

Market risk is the risk that changes in market prices, such as commodities, exchange rates, interest rates and capital prices, will affect the Group's income or the value of investments in financial instruments. The purpose of market risk management is to manage and keep positions exposed to market risk within acceptable limits while optimizing returns.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will be volatile because of changes in foreign exchange rates.

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies.

The functional currencies of Group companies are primarily the euro, British pound sterling (GBP), Romanian leu (RON). The currencies in which these transactions are primarily denominated are euro, US dollar and British pound sterling.

Considering the international nature of the business of TextMagic, it is exposed to changes in currency exchange rates. Such changes may have an impact on the financial performance of the TextMagic Group in a negative manner. Foreign currency risk arises from the possible mismatch of the Group's foreign currency assets and liabilities. For other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its exposure to foreign exchange fluctuations is maintained at an acceptable level based on the prevailing conditions. To achieve this, the Group buys and sells foreign currency at current exchange rates, if necessary, to cope with the negative effects of short-term exchange rate fluctuations. The Group does not use derivative instruments to hedge currency risks.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows.

(in thousands of euros)	31.12.2024			31.12.2023		
	AUD	GBP	USD	AUD	GBP	USD
Cash and cash equivalents	30	1,082	1,407	27	772	2 739
Trade payables	0	(3)	(334)	0	(4)	(242)
Other payables and provisions	(97)	(407)	(1,331)	(88)	(324)	(1,742)
Net statement of financial position	**(67)**	**(672)**	**(258)**	**(61)**	**444**	**755**

Sensitivity analysis

The potential appreciation/depreciation of USD, GBP, and RON against the euro as of December 31 could have affected the value of financial instruments denominated in foreign currency, thereby impacting equity and profit/loss (see table). The analysis assumes all other variables remain unchanged and does not take purchase and sales forecasts into account.

Transactions in Romanian RON are considered insignificant from the group's perspective and do not entail significant currency risk.

A 10% change was chosen for analysis as a realistic range in a typical economic environment and it reflects the Group's daily operational sensitivity to currency fluctuations.

EBITDA (Operating profit – interest – income tax – depreciation and amortization) was used to assess business sensitivity. The group's operations are sensitive to USD (with a ~10% impact on EBITDA) and moderately sensitive to GBP (with a ~5% impact on EBITDA).

(in thousands of euros)	EBITDA	
	Strengthening	Weakening
31.12.2024		
GBP (10% movement)	294	(294)
USD (10% movement)	679	(679)
31.12.2023		
GBP (10% movement)	164	(377)
USD (10% movement)	314	(247)

Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

There are no interest-bearing loans and borrowings as of December 31, 2024, and also none as of December 31, 2023.

Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the payments made to ordinary shareholders.

The Group monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities less cash and cash equivalents. Equity comprises all components of equity. The Management Board of TextMagic AS decides the company's capital structure and dividend policy. The Group's net debt to equity ratio as of December 31, 2024, was following:

(in thousands of euros)	Note	31.12.2024	31.12.2023
Total liabilities	12, 13, 14, 15	3,652	3,799
Less: cash and cash equivalents		3,432	3,900
Total		**220**	**(101)**
Total equity		33,520	35,815
Net debt to equity ratio		**0.7%**	**-0.3%**

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Lease assets	Office equipment	Computer equipment	Other tangible assets	Total
Cost at December 31, 2022	0	17	221	35	**273**
Accumulated depreciation at 31 December 2022	0	(9)	(55)	(18)	**(82)**
Carrying amounts at December 31, 2022	**0**	**8**	**166**	**17**	**191**
Additions	0	0	20	1	**21**
Acquisitions through business combinations	0	0	9	0	**9**
Disposal and other changes	0	0	(26)	(5)	**(31)**
Depreciation	0	(3)	(73)	(9)	**(85)**
Cost at December 31, 2023	0	17	192	22	**231**
Accumulated depreciation at December 31, 2023	0	(12)	(97)	(17)	**(126)**
Carrying amounts at December 31, 2023	**0**	**5**	**95**	**5**	**105**
Additions	458	17	5	118	**598**
Depreciation	(56)	(3)	(53)	(10)	**(122)**
Cost at December 31, 2024	458	32	189	143	**822**
Accumulated depreciation at 31 December, 2024	(56)	(13)	(142)	(30)	**(241)**
Carrying amounts at December 31, 2024	**402**	**19**	**47**	**113**	**581**

Textmagic

NOTE 8. INTANGIBLE ASSETS

(in thousands of euros)	Goodwill	Software*	Other intangible assets	Uncomplete software**	Pre-payments	Total
Cost at December 31, 2022	208	31,942	2,530	21,899	11	**56,590**
Accum. amortization at December 31, 2022	0	(4,330)	(316)	0	0	**(4,646)**
Carrying amounts at December 31, 2022	**208**	**27,612**	**2,214**	**21,899**	**11**	**51,944**
Additions	0	0	9	5,780	15	**5,804**
Amortization	0	(3,329)	(256)	0	0	**(3,585)**
Reclassification from prepayments	0	3,145	18	(3,145)	(18)	**0**
Disposal	0	0	0	(22,746)	0	**(22,746)**
Acquisitions through business combinations	48	1,312	0	77	0	**1,437**
Cost at December 31, 2023	256	36,399	2,557	1,865	8	**41,084**
Accum. amortization at December 31, 2023	0	(7,659)	(572)	0	0	**(8,231)**
Carrying amounts at December 31, 2023	**256**	**28,740**	**1,985**	**1,865**	**8**	**32,854**
Additions	0	0	6	4,327	5	**4,338**
Amortization	0	(3,954)	(258)	0	0	**(4,212)**
Reclassification from prepayments	0	5,658	5	(5,658)	(5)	**0**
Disposal	0	0	0	0	(8)	**(8)**
Cost at December 31, 2024	256	42,057	2,568	534	0	**45,415**
Accum. amortization at December 31, 2024	0	(11,613)	(830)	0	0	**(12,443)**
Carrying amounts at December 31, 2024	**256**	**30,444**	**1,738**	**534**	**0**	**32,972**

* Software additions consist of capitalized development expenses on Textmagic SMS platform software and Voog platform software.

** Uncompleted software additions consist of capitalized development costs for both Textmagic A2P SMS and Touchpoint software. The development of Touchpoint software was terminated in 2023.

NOTE 9. INVESTMENTS IN SUBSIDIARIES

Investments of the Group's Parent Company in subsidiaries as of the end of the reporting period:

Subsidiary	Core business	Domicile	Ownership interest at 31 Dec 2024	Ownership interest at 31 Dec 2023
TextMagic Ltd	Client-facing entity of the TextMagic SMS platform	United Kingdom	100.00%	100.00%
TM Marketing Ops SRL	Marketing services	Romania	100.00%	100.00%
Edicy OÜ	Development and management of Voog.com platform	Estonia	100.00%	100.00%

NOTE 10. FINANCIAL INVESTMENTS

(in thousands of euros)	31.12.2024	31.12.2023
Fixed-term deposits	0	2,500
Total	**0**	**2,500**

In December 2023, term deposit agreements were signed for a total amount of €2,500 thousand with a maturity of 11 months and an annual interest rate of 4.50%.

In May 2024, term deposit agreements were signed for a total amount of €1,000 thousand with a maturity of 6 months and an annual interest rate of 3.90%.

NOTE 11. CAPITAL AND RESERVES

Share capital and share premium

The share capital as of December 31, 2024, was in the amount of €850 thousand (December 31, 2023: €850 thousand), which is divided into 8,500,000 ordinary shares with a nominal value of €0.1 per share. The share capital consists of:

- €25 thousand contributed at establishment;
- €775 thousand contributed as a non-monetary contribution on September 23, 2021;
- €50 thousand contributed as a result of the IPO on December 15, 2021.
- On the basis of the decision of June 28, 2022, share capital was increased by €2,550 thousand, increased the book value of the shares from €0.1 to €0.4 as a result of the fund issue at the expense of the share premium;
- On the basis of the decision of August 5, 2022, the share capital was reduced by €2,550 thousand, which reduced the book value of the shares from €0.4 to €0.1.
- On the basis of the decision of April 19, 2024, share capital was increased by €32,725 thousand, increased the book value of the shares from €0.1 to €3.95 as a result of the fund issue at the expense of the share premium;
- On the basis of the decision of May 22, 2024, the share capital was reduced by €32,725 thousand, which reduced the book value of the shares from €3.95 to €0.1.

The share premium is on total of €141 thousand and consists of:

- €51,342 thousand which was recognized as a result of a non-monetary contribution on September 23, 2021;
- €2,450 thousand which was recognized as a result of IPO on December 15, 2021;
- On the basis of the decision of June 28, 2022, share capital was increased by €2,550 thousand, which increased the book value of the shares from €0.1 to €0.4 as a result of the fund issue at the expense of the share premium.
- On the basis of the decision of April 19, 2024, covering loss in total of €18,376 thousand.
- On the basis of the decision of April 19, 2024, share capital was increased by €32,725 thousand, which increased the book value of the shares from €0.1 to €3.95 as a result of the fund issue at the expense of the share premium.

Nature and purpose of reserves

Reserve capital

According to the Articles of Association of the Parent Company, a reserve capital of 1/10 of the share capital is created to cover possible losses and to increase the share capital. The reserve capital was created from the profit for 2022 and amounts to €85 thousand as of December 31, 2024 (December 31, 2023: €85 thousand).

Voluntary reserve

According to the Articles of Association of the Parent Company, a voluntary reserve capital has been established to ensure compliance with net assets requirements and to cover business-related risks and needs. The voluntary reserve capital was formed in 2024 through a share capital reduction in the amount of €27,710 thousand and may be used for ensuring net assets compliance, covering losses, distributing profits, or issuing bonus shares. The use and modification of the reserve are decided by the shareholders in accordance with the procedures set out in the Commercial Code.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. Foreign currency translation reserve as of December 31, 2024 was -€35 thousand (December 31, 2023: -€21 thousand).

Other reserves

Other reserves include the share-based payment reserve, which is used to recognize granted but unexercised options issued to employees and other service providers.

The total number of granted but unexercised options as of December 31, 2024 was 192,200 (December 31, 2023: 399,200). The exercise price per share is €0.1.

The reserve for granted but unexercised options was recognized at €1,235 thousand as of December 31, 2024 (December 31, 2023: €2,035 thousand).

In November 2024, two employees exercised their option agreements, which had different terms compared to the standard option program. Their options were issued from Monday Media OÜ's shareholding, meaning no new shares were issued. The exercise of options totaling €1,461 thousand was recorded through retained earnings from prior periods.

The expected expenses from previous periods were reduced by €20 thousand in 2024, and the impact was recognized through retained earnings from prior periods.

NOTE 12. TRADE AND OTHER PAYABLES

(in thousands of euros)	Note	31.12.2024	31.12.2023
Trade payables		448	315
Payables to related parties	23	0	0
Total trade payables		**448**	**315**
Payables to employees		158	173
Other accrued liabilities		307	303
Total other payables		**465**	**476**
Total		**913**	**791**
Non-current		0	0
Current		913	791
Total		**913**	**791**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

NOTE 13. INCOME TAX AND TAX LIABILITIES

Amounts recognized in profit or loss

(in thousands of euros)	31.12.2024	31.12.2023
Current tax for the year	8	10
Income tax for the year	**8**	**10**
Profit (loss) before tax	**2,061**	**(20,647)**
Tax using the Company's domestic tax rate	0	0
Effect of tax rates in foreign jurisdictions	8	10
Income tax for the year	**8**	**10**
Effective tax	0%	0%

The Group’s income tax expense arises solely from the activities of its subsidiaries operating in foreign countries, as the parent company’s jurisdiction (Estonia) does not impose immediate corporate income tax on profits. As a result, no general tax rate applies in the consolidated financial statements, and the Group’s effective tax rate is 0%. Income and profit taxation occurs only in Romania and the United Kingdom, in accordance with the applicable tax rates in those jurisdictions.

Tax liabilities

(in thousands of euros)	31.12.2024	31.12.2023
Value-added tax	32	34
Personal income tax	63	51
Corporate income tax	6	7
Social security tax	116	92
Funded pension contributions	5	4
Unemployment insurance contributions	6	6
Global tax liabilities	40	0
Other tax payables	2	38
Total	**270**	**232**
Non-current	0	0
Current	270	232
Total	**270**	**232**

NOTE 14. LEASE LIABILITIES

The Group leases office space, which is recognized as a right-of-use asset and a liability.

(in thousands euros)	31.12.2024	31.12.2023
Lease liabilities added	459	0
Cash flow	(55)	0
Interest	12	0
Total lease liabilities	**416**	**0**
incl. current lease liabilities	107	0
incl. long-term lease liabilities	309	0

The following amounts related to lease agreements have been recognized in the consolidated statement of comprehensive income.

(in thousands euros)	31.12.2024	31.12.2023
Finance costs: Interest	12	0
Other operating expenses: Short-term and low-value leases	(72)	(114)

NOTE 15. OTHER PROVISIONS

Due to the Group's global operations, management has identified a probable US tax liability. As the process is ongoing, the amount is estimated and recognized as a provision.

(in thousands euros)	Global business liability	Total other provision
Balance as of December 31, 2023	**1,117**	**1,117**
Realized provision	(585)	(585)
Unrealized provision	(887)	(887)
Additional provision	739	739
Balance as of December 31, 2024	**384**	**384**

NOTE 16. CONTINGENT LIABILITIES

(in thousands euros)	31.12.2024	31.12.2023
Income tax liability on potential dividends	997	0
Total contingent liabilities	**997**	**0**

NOTE 17. REVENUE

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Sales to countries other than the European Union		
United States	8,569	8,780
United Kingdom	3,553	3,251
Australia	918	790
Canada	706	959
Other countries	306	324
Total sales to countries other than the European Union	**14,052**	**14,104**
Sales to countries of the European Union		
Countries of the European Union	1,123	866
Total sales to European Union countries	**1,123**	**866**
Total revenue	**15,175**	**14,970**
Major products/service lines		
Text-messaging services	11,189	11,205
Virtual mobile number services	3,069	3,026
Other TextMagic A2P SMS platform services	274	347
Voog.com platform	643	392
Total revenue	**15,175**	**14,970**
Timing of revenue recognition		
At a point in time	14,533	14,578
Over time	642	392
Total revenue from contracts with customers	**15,175**	**14,970**

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognized over time. Contract liabilities will be recognized as revenue when services have been provided to customers.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

(in thousands of euros)	31.12.2024	31.12.2023
Receivables, which are included in 'trade and other receivables	0	0
Contract liabilities	1,669	1,659
Total	**1,669**	**1,659**

No information is provided about remaining performance obligations as of December 31, 2024, that have an original expected duration of one year or less, as allowed by IFRS 15.

NOTE 18. GOODS, RAW MATERIALS AND SERVICES

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Payment processing fees	(531)	(463)
Purchased services	(3,817)	(3,608)
Other software expense	(325)	(451)
Other	(91)	(321)
Discontinued operations	0	57
Total	**(4,764)**	**(4,786)**

NOTE 19. OTHER OPERATING EXPENSES

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Office expenses	(144)	(162)
Administrative expenses	(45)	(24)
Software expenses	(176)	(153)
Legal and other professional service costs	(243)	(88)
Accounting and audit expenses	(201)	(128)
Marketing expenses	(867)	(818)
Recruitment and other personnel expenses	(176)	(355)
Exchange rate variance and foreign currency gains and losses	10	(8)
Other operating expenses	(45)	(36)
Discontinued operations	0	57
Total	**(1,887)**	**(1,715)**

NOTE 20. STAFF EXPENSES

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Salary expenses	(2,202)	(1,727)
Share option expense*	(575)	(969)
Social security charges	(577)	(616)
Discontinued operations	0	593
Total employee expenses	**(3,354)**	**(2,719)**
Average number of personnel converted to full-time equivalent	37	30
Average number of staff by employment relationship:		
Personnel working under employment contracts	36	29
Personnel working under board member contracts	1	1

** Estimated expense from option agreements with employees. Options are issued from December 2021.*

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Cost of contract developers	(3,411)	(5,140)
Option expense	(106)	0
Discontinued operations	0	3,058
Total subcontractors' expense	**(3,517)**	**(2,082)**

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Total employee expense	(3,354)	(3,312)
Total subcontractors' expense	(3,517)	(5,140)
Total discontinued operations	0	3,651
Total staff expenses	**(6,871)**	**(4,801)**

NOTE 21. DISCONTINUED OPERATIONS

In November 2023, management decided to discontinue development of Touchpoint's customer service software. The product, which had been developed to a beta version, was a separate cash-generating unit. In assessing the status of development against the original development plan and the pace of development by competitors, it became clear that the software was not meeting financial expectations and targets. As of Q4 2023 the maturity of the product would have allowed for a lower than expected fee and the expected growth rate was significantly slower than projected.

This was due to higher-than-expected development costs and the extension of the project's development period, which significantly reduced the project's ability to achieve the desired financial results.

As a result of the decision, the Touchpoint software project has been accounted for as a discontinued operation and has been classified as a derecognized asset since the date of the decision.

The Touchpoint trademark and domain will be retained and developed for possible future applications and projects. The related assets and expenses are not treated as discontinued operations.

There were no discontinued operations in 2024.

The prior year figures in the consolidated income statement and the consolidated cash flow statement have been restated in accordance with IFRS 5 to present discontinued operations separately from continuing operations.

Income statement impact of Touchpoint customer service software

(in thousands of euros)	Touchpoint software	
	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Revenue	0	0
Other income	0	0
Goods, raw materials and services	0	(57)
Other operating expenses	0	(57)
Work performed by the entity and capitalized	0	3,129
Employee expenses	0	(3,651)
Depreciation, amortization and disposal of non-current assets	0	(22,756)
Other expenses	0	0
Operating loss	**0**	**(23,392)**

NOTE 22. SEGMENT REPORTING

The business segments have been defined by management based on reports reviewed by the board of TextMagic AS. The Board of Directors considers all business activities as one business segment for the Group. The Board of Directors primarily uses the measures revenue and EBITDA and the growth of these measures to assess the performance of the business segment.

(in thousands of euros)	Development and management of Textmagic platform		Development and management of Voog and Edicy platforms	
	01.01.2024-31.12.2024	01.01.2023-31.12.2023	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Revenue	14,533	14,580	642	390
Other income	144	89	31	4
Goods, raw materials and services	(4,687)	(4,726)	(77)	(60)
Other operating expenses	(1,780)	(1,653)	(107)	(62)
Work performed by the entity and capitalized	3,816	2,395	511	256
Employee expenses	(6,077)	(4,370)	(794)	(431)
Depreciation, amortization, and disposal of non-current assets	(4,095)	(3,559)	(247)	(111)
Other expenses	(10)	(111)	0	(69)
Operating profit	**1,844**	**2,645**	**(41)**	**(83)**
EBITDA	**5,939**	**6,204**	**206**	**28**

The Board monitors the geographic segmentation of revenue by software product.

(in thousands of euros)	Textmagic platform		Voog platform	
	01.01.2024-31.12.2024	01.01.2023-31.12.2023	01.01.2024-31.12.2024	01.01.2023-31.12.2023
United States	8,562	8,780	7	0
United Kingdom	3,549	3,251	4	0
Australia	918	790	0	0
Canada	706	959	0	0
European Union	506	487	617	379
Other	292	313	14	11
Total revenue	**14,533**	**14,580**	**642**	**390**

NOTE 23. TRANSACTIONS WITH RELATED PARTIES

Parent and ultimate controlling party

The Group's parent company is TextMagic AS, which is registered in Estonia.

Ultimate controlling party is Priit Vaikmaa, the sole owner of Monday Media OÜ (the parent company of TextMagic AS), which as of December 31, 2024, held 86,6% (December 31, 2023: 88,6%) on TextMagic AS shares.

Shares of management and supervisory board

As of December 31, 2024, members of the board and the supervisory board and the companies under their control held the following amount of TextMagic AS shares:

Priit Vaikmaa (representative of Monday Media OÜ) – 7,363,505

Kärtu Vaikmaa (representative of Merkatiko OÜ) – 400,100

Eduard Tark (Edly OÜ representative) – 341,373

Transactions with key management personnel

The salary expense recognized to the members of management and supervisory board for January 1, 2024, to December 31, 2024, was in total of €477 thousand (January 1, 2023, to December 31, 2023: €423 thousand).

As of December 31, 2024, the Group has no outstanding stock option agreements with the members of the Management Board and the Supervisory Board (December 31, 2023: 186,000). In November 2024, Kärtu Vaikmaa and Eduard Tark exercised their stock options, each for 88,000 shares, which were transferred from Monday Media OÜ's ownership.

(in thousands of euros)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Management and supervisory board		
Salary expenses	(477)	(423)

Other related party transactions

Transactions with controlling shareholders

(in thousands of euros)	Balance as of			
	31.12.2024		31.12.2023	
	Receivables	Liabilities	Receivables	Liabilities
Other transactions	0	0	1	0
Total	**0**	**0**	**1**	**0**

Transactions with members of the management board, the supervisory board and companies under their control

(in thousands of euros)	Transaction values during the reporting period		Balance as of			
			31.12.2024		31.12.2023	
	31.12.2024	31.12.2023	Receivables	Liabilities	Receivables	Liabilities
Office rent and utilities	57	67	0	0	0	2
Total	**57**	**67**	**0**	**0**	**0**	**2**

The Group considers a party to be related if one party has control over the other party or significant influence over the other party's business decisions. Related party transactions include transactions with shareholders, executive and senior management, their close relatives and companies under the control or significant influence of all the above.

NOTE 24. FINANCIAL INFORMATION ON THE GROUP’S PARENT COMPANY

The financial information on the Parent comprises the financial statements of the Parent, which are required to be disclosed in accordance with the Estonian Accounting Act. The financial statements of the Parent have been prepared using the same accounting policies as were applied on preparing the consolidated financial statements, except those investments in subsidiaries are measured at cost.

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STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	31.12.2024	31.12.2023
Non-current assets		
Property, plant and equipment	475	84
Intangible assets and goodwill	31,277	31,440
Subsidiaries	2,133	1,880
Total non-current assets	**33,885**	**33,404**
Current assets		
Fixed-Term deposits	0	2,500
Receivables from subsidiaries	449	597
Other receivables	11	11
Prepayments	54	36
Cash and cash equivalents	509	86
Total current assets	**1,023**	**3,230**
TOTAL ASSETS	**34,908**	**36,634**
Current Liabilities		
Lease liabilities	93	0
Current tax liabilities	121	109
Trade and other payables	205	178
Total current liabilities	**419**	**287**
Long-Term Liabilities		
Lease liabilities	246	**0**
Total long-term liabilities	**246**	**0**
Total liabilities	**665**	**287**
Equity		
Share capital	850	850
Share premium	141	51,242
Reserve Capital	85	85
Voluntary reserve	27,710	0
Other reserve	1,235	2,035
Retained earnings	4,222	(17,865)
Total equity	**34,243**	**36,347**
TOTAL EQUITY AND LIABILITIES	**34,908**	**36,634**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Revenue	8,408	8,300
Other income	0	2
Goods, raw materials and services	(56)	0
Other operating expenses	(934)	(872)
Work performed by the entity and capitalized	3,816	2,395
Staff costs	(5,008)	(3,688)
Depreciation, amortization and impairment of non-current assets	(4,089)	(3,551)
Other expenses	(10)	(90)
Operating profit (loss)	**2,127**	**2,496**
Discontinued operations	0	(23,125)
Financial Income	103	17
Profit (loss) before tax	**2,230**	**(20,612)**
Profit (loss) for the period	**2,230**	**(20,612**
Total comprehensive income for the period	**2,230**	**(20,612)**

Textmagic

STATEMENT OF CASH FLOWS

(in thousands of euros)	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Cash flows from operating activities		
Profit (loss) for the period	**2,230**	**2,496**
Adjustments for:		
Depreciation and amortization	4,089	3,551
Financial income	(103)	(17)
Other adjustments	315	574
Total adjustments	**4,301**	**4,108**
Changes in trade and other receivables	152	4,595
Changes in prepayments	(16)	(29)
Changes in trade and other payables	34	354
Net cash from operating activities – continuing operations	**6,701**	**11,524**
Net cash from operating activities – discontinued operations	0	(272)
Net cash from operating activities	**6,701**	**11,252**

Cash flows from investing activities		
Net cash flows from business combinations	0	(1,100)
Interest received	130	17
Given loans	(200)	0
Fixed-term deposits	2,500	(2,500)
Acquisition of property, plant and equipment	(118)	(10)
Development expenditure	(3,524)	(2,742)
Net cash used in investing activities – continuing operations	**(1,212)**	**(6,335)**
Net cash used in investing activities – discontinued operations	0	(3,129)
Net cash used in investing activities	**(1,212)**	**(9,464)**

Cash flows from financing activities		
Principal payments of lease liabilities	(50)	0
Contribution to the share capital and share premium	(5,015)	(2,550)
Net cash from financing activities – continuing operations	**(5,065)**	(2,550)
Net cash from financing activities – discontinued operations	0	0
Net cash from financing activities	**(5,065)**	**(2,550)**

TOTAL CASH FLOWS	**424**	**(762)**
Cash and cash equivalents at the beginning	86	849
Cash and cash equivalents at the end	**510**	**86**

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Share premium	Reserve capital	Voluntary reserve	Other reserves	Retained earnings	Total equity
Balance at December 31, 2022	**850**	**51,242**	**0**	**0**	**1,651**	**2,247**	**55,990**
Profit (loss) for the period	0	0	0	0	0	(20,612)	**(20,612)**
Other changes in equity	0	0	85	0	384	500	**969**
Balance at December 31, 2023	**850**	**51,242**	**85**	**0**	**2,035**	**(17,865)**	**36,347**
Profit (loss) for the period	0	0	0	0	0	2,230	**2,230**
Transactions with shareholders	(5,015)	0	0	0	0	0	**(5,015)**
Covering loss	0	(18,376)	0	0	0	18,376	**0**
Other changes in equity	5 015	(32,725)	0	27,710	(800)	1,481	**681**
Balance at December 31, 2024	**850**	**141**	**85**	**27,710**	**1,235**	**4,222**	**34,243**

DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board has prepared the management report and the consolidated financial statements of TextMagic AS for the year ended December 31, 2024.

The Supervisory Board of TextMagic AS has reviewed the annual report, prepared by the Management Board, consisting of the management report, the consolidated financial statements, the proposal for loss recovery and the independent auditor's report. The Supervisory Board has approved the annual report for presentation at the Annual General Meeting of Shareholders.

Management Board

Priit Vaikmaa
Chairman of the Management Board, CEO

Supervisory Board

Kärtu Vaikmaa

Eduard Tark

Pavel Karagjaur

Siim Vips

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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of TextMagic AS

Opinion

We have audited the consolidated financial statements of TextMagic AS (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 our audit.

KPMG Baltics OÜ
Licence No 17

Helen Veetamm

Certified Public Accountant, Licence No 606

Tallinn, 21 March 2025

PROFIT DISTRIBUTION PROPOSAL

The Management Board of TextMagic AS proposes to retain the profit for the financial year ended December 31, 2024, as undistributed.

(in thousands of euros)	
Retained earnings	1,481
Annual profit	2,053
Total undistributed profit	**3,534**

Textmagic

DISTRIBUTION OF SALES REVENUE OF THE PARENT COMPANY ACCORDING TO EMTAK CLASSIFICATION

(in thousands of euros)	
62091 Other information technology and computer service activities	8,408