Textmagic

2024 12 MONTHS CONSOLIDATED UNAUDITED INTERIM REPORT

(Translation of the Estonian original)

Textmagic

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

Textmagic

TABLE OF CONTENTS

Textmagic

MANAGEMENT REPORT

Our B2B software products

Textmagic

an A2P SMS platform that provides an easy-to-use and efficient solution for text messaging based communication.

VOOG

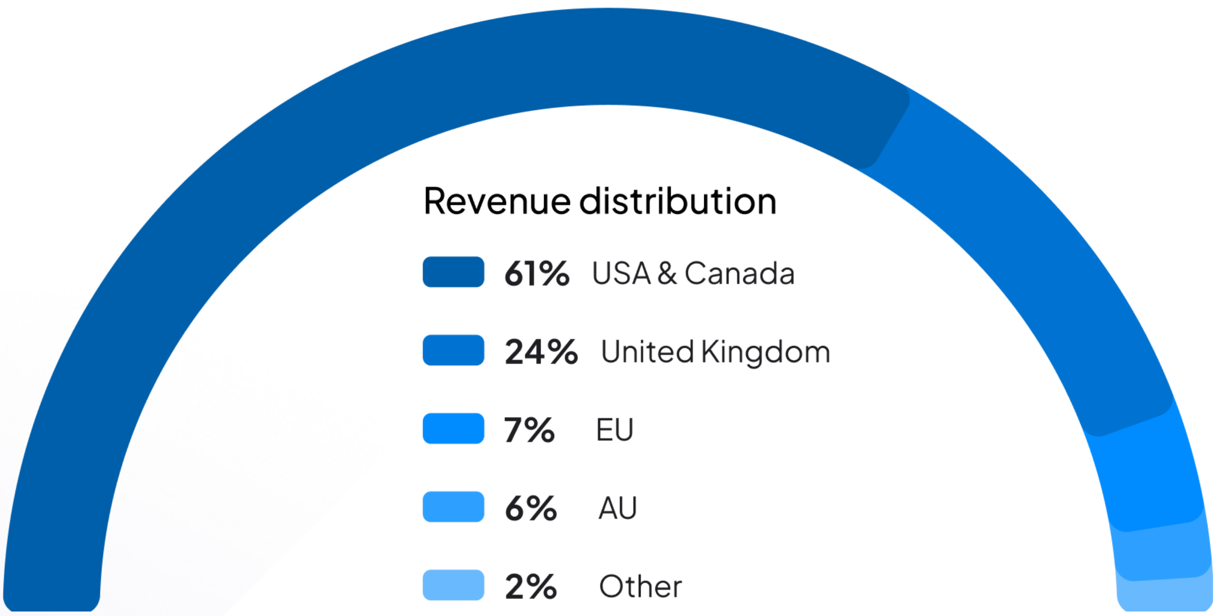
a platform that provides convenient and intuitive tools for creating and managing aesthetically pleasing websites and online stores.

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

252.78 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 first quarter of 2025, email and campaign management functionality will be introduced. These new features will help improve the product's value proposition and expand its 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.

Textmagic

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)	252,784	264,908	-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.*

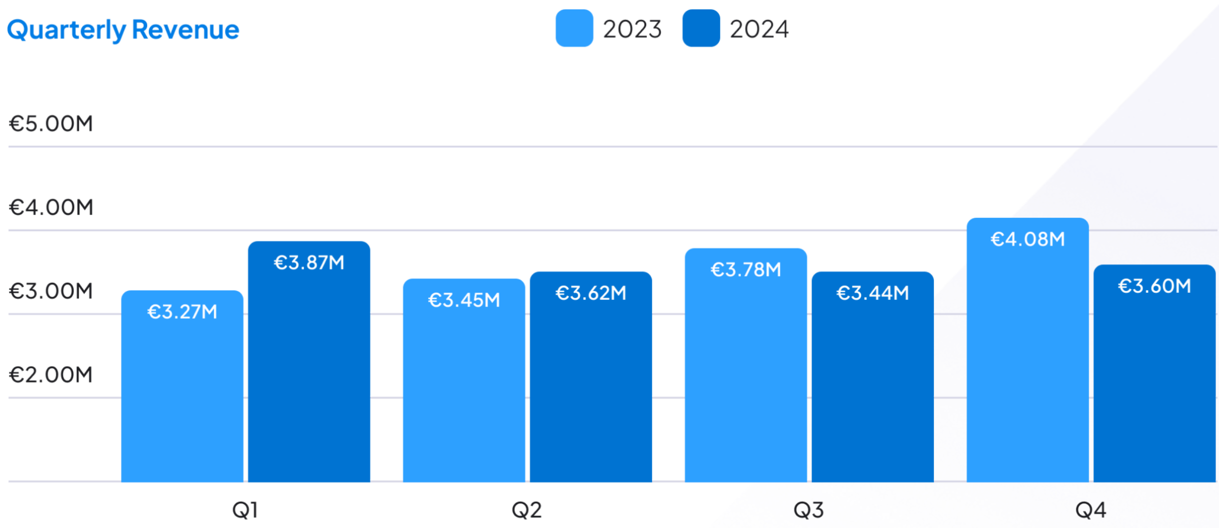
***ARPU is calculated as Revenue / Active users.*

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%).

Textmagic



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.

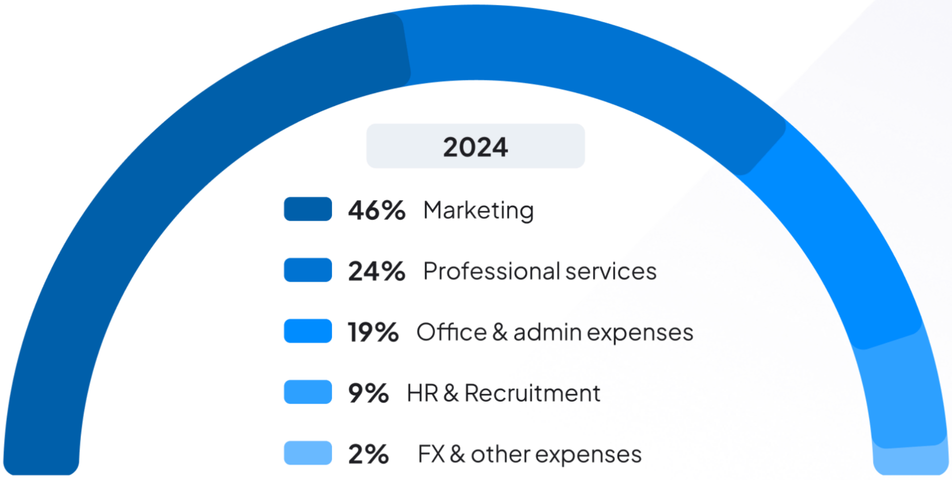
63% of labor costs in continuing business segments, totaling €4,327 thousand, have been capitalized (2023: 55%; €2,651 thousand), as they are directly related to product development. Personnel expenses also include the non-cash impact of three-year stock option agreements, amounting to €681 thousand (2023: €969 thousand).

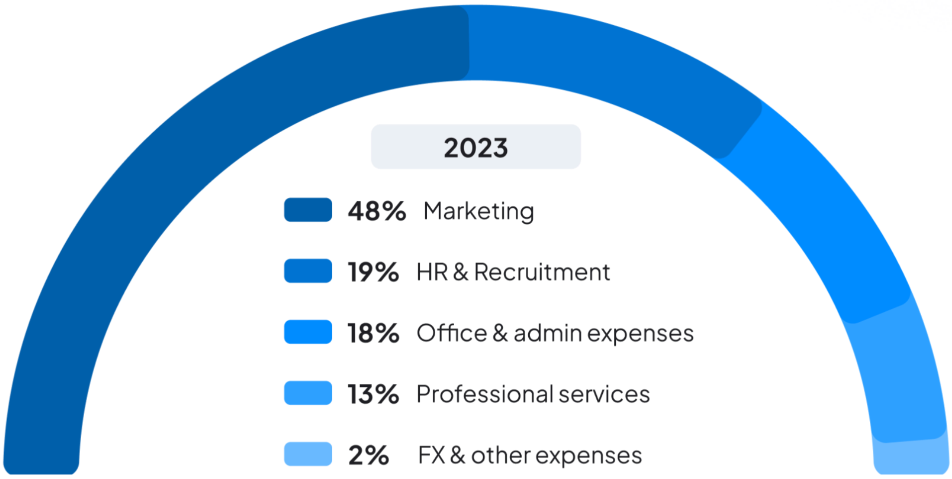
Textmagic

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).

Textmagic

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

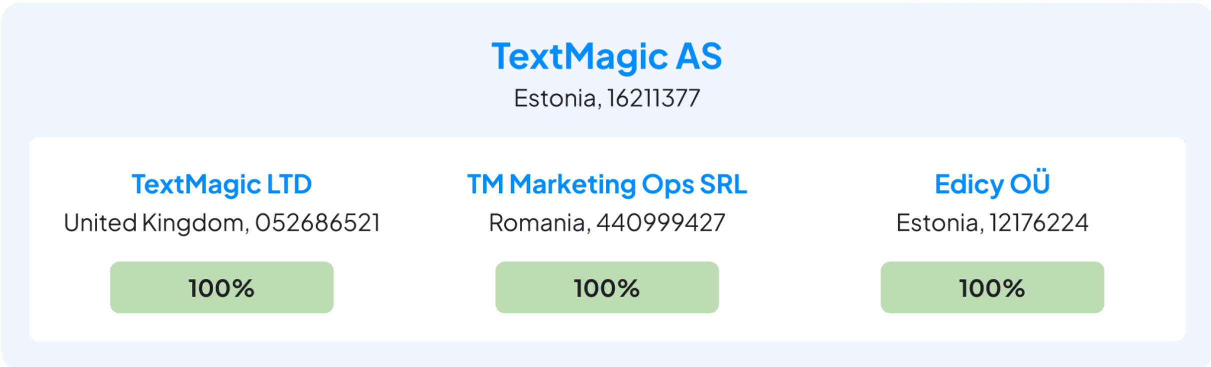
In 2025, the TextMagic Group will focus on marketing the platform's extended functionality and expanding its customer base to regain growth, which has slowed in recent years. The team is dedicated to improving the user experience and strengthening the platform's market position by relying on data-driven 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:



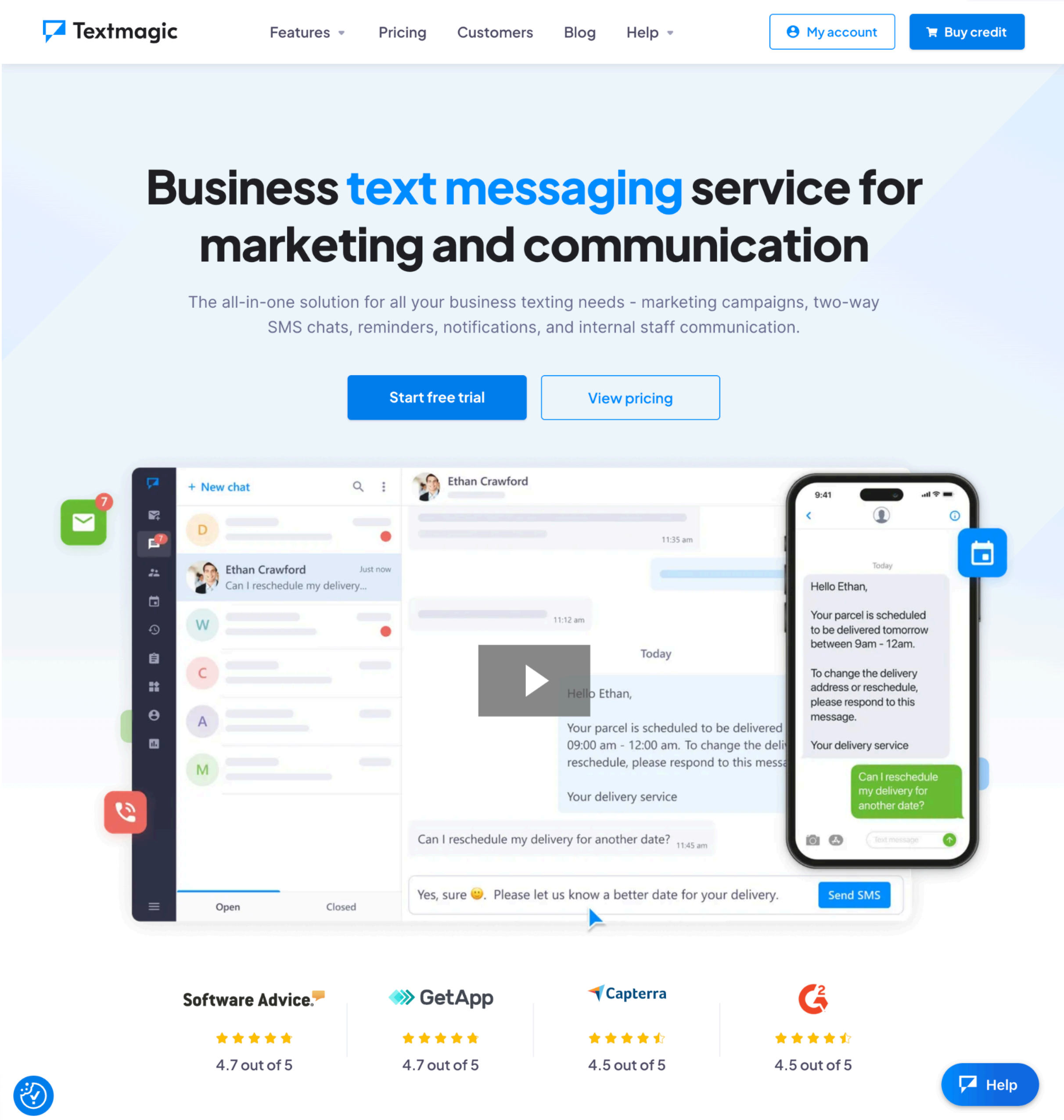
TextMagic AS organizes the management and development of intellectual property and manages the day-to-day business of the Group.

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

On 1 June 2023, the Group acquired Edicy OÜ, a company that operates the website and e-commerce platform Voog.

THE GROUP'S PRODUCT PORTFOLIO

Textmagic

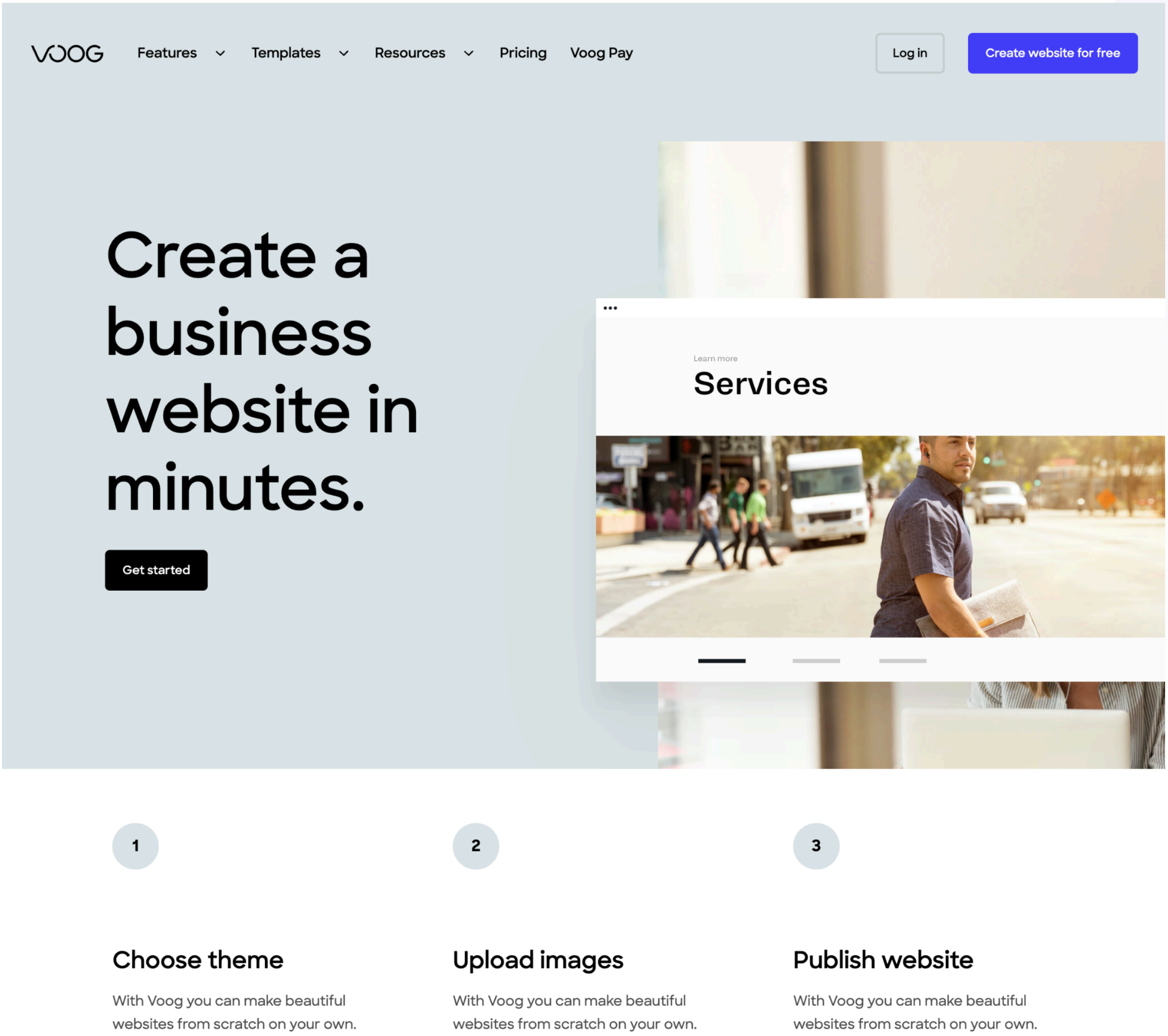


Textmagic is a powerful B2B marketing and customer communication software that helps businesses manage and automate customer interactions across various channels. The platform enables two-way messaging, order confirmations, reminders, notifications, and SMS marketing campaigns. Additionally, Textmagic 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



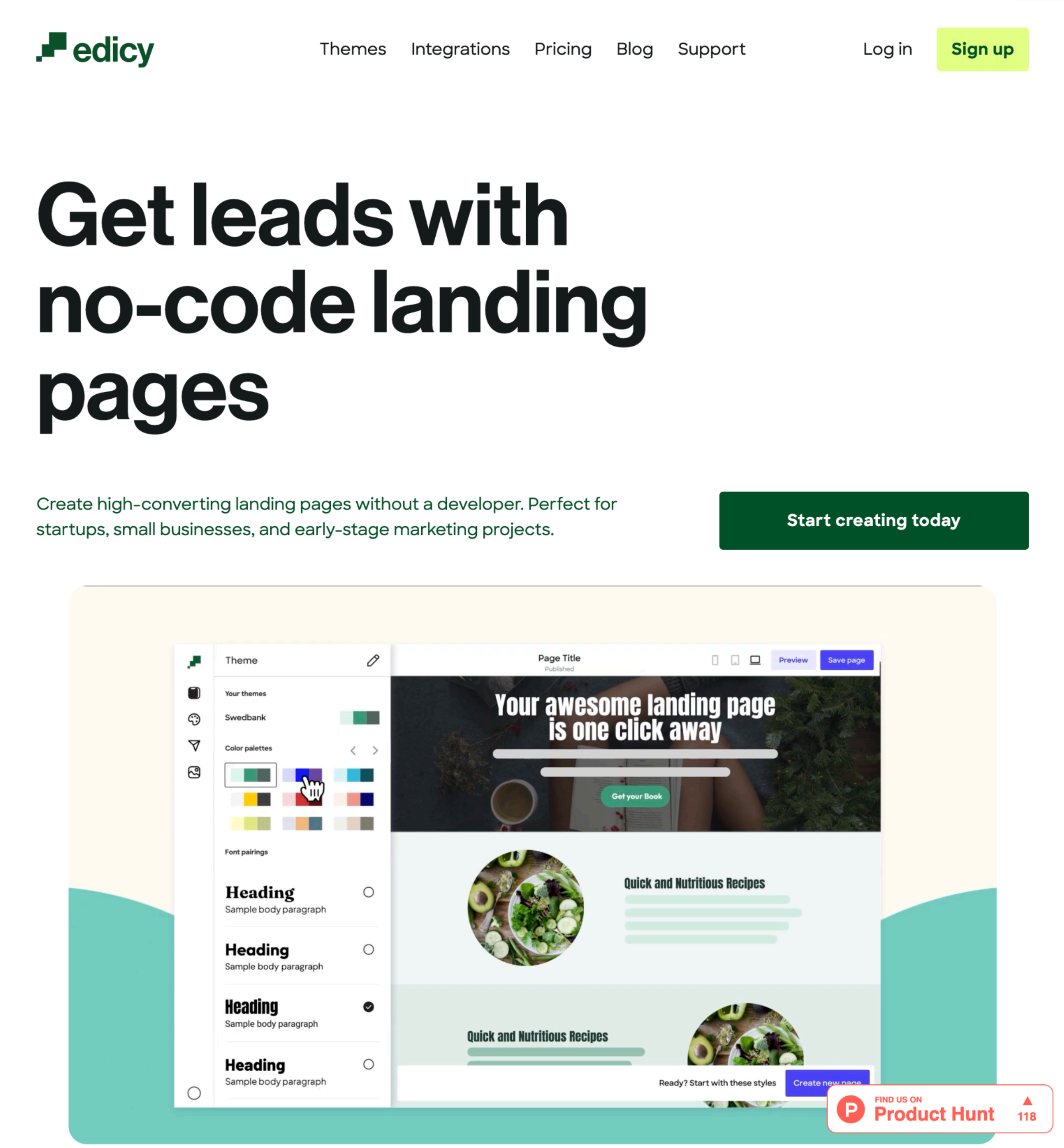
Voog is a flexible and user-friendly website creation platform designed for beginners and experts in web development. Its outstanding features include a highly intuitive drag-and-drop interface and multilingual capabilities.

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. We will develop training programs that focus not only on job-specific skills, but also on soft skills such as communication, leadership, and emotional intelligence.

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.

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.

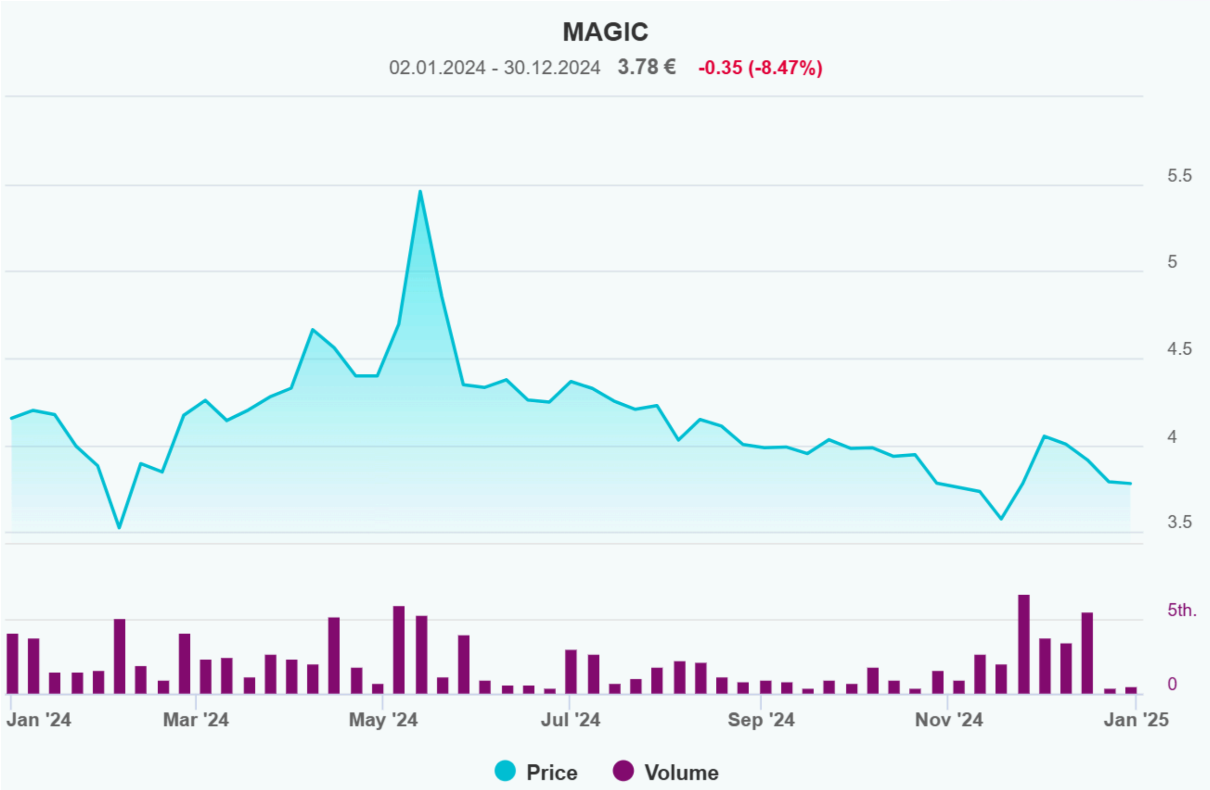
Risk management, which includes the regular identification, assessment, and mitigation of potential risks, is an important aspect of our governance.

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

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 €0.1 per share, resulting in a share capital of €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 €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. See Note 10 for a more detailed description.

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 UNAUDITED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	Note	31.12. 2024	30.06. 2024	31.12. 2023	30.06. 2023
Non-current assets					
Property, plant and equipment	5	581	102	105	172
Intangible assets and goodwill	6	32,972	32,921	32,854	54,496
Total non-current assets		**33,553**	**33,023**	**32,959**	**54,668**
Current assets					
Trade and other receivables		22	90	24	24
Prepayments		165	200	231	157
Financial Investments	9	0	3,500	2,500	0
Cash and cash equivalents		3,432	4,229	3,900	5,608
Total current assets		**3,619**	**8,019**	**6,655**	**5,789**
TOTAL ASSETS		**37,172**	**41,042**	**39,614**	**60,457**
Current Liabilities					
Current tax liabilities	12	270	411	232	196
Trade and other payables	11	913	882	791	875
Lease liabilities	14	107	0	0	0
Contract liabilities	15	1,669	1,668	1,659	1,737
Other provisions	13	384	679	1,117	914
Total current liabilities		**3,343**	**3,640**	**3,799**	**3,722**
Long-Term Liabilities					
Lease liabilities	14	309	0	**0**	0
Total long-term liabilities		**309**	**0**	**0**	**0**
Total liabilities		**3,652**	**3,640**	**3,799**	**3,722**
Equity					
Share capital	10	850	33,575	850	850
Share premium	10	141	141	51,242	51,242
Reserve capital	10	85	85	85	85
Voluntary reserve	10	27,710	0	0	0
Other reserve	10	2,696	2,360	2,035	1,659
Foreign currency translation reserve		(35)	(13)	(21)	(21)
Retained earnings		2,073	1,254	(18,376)	2,920
Equity attributable to owners of the parent		**33,520**	**37,402**	**35,815**	**56,735**
Total equity		**33,520**	**37,402**	**35,815**	**56,735**
TOTAL EQUITY AND LIABILITIES		**37,172**	**41,042**	**39,614**	**60,457**

The Notes presented on pages 26 to 41 form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	Note	01.01.2024-31.12.2024	01.07.2024-31.12.2024	01.01.2023-31.12.2023	01.07.2023-31.12.2023
Revenue	15	15,175	7,366	14,970	8,192
Other income		175	116	93	53
Goods, raw materials and services	16	(4,764)	(2,368)	(4,786)	(2,502)
Other operating expenses	17	(1,887)	(837)	(1,715)	(864)
Work performed by the entity and capitalized		4,327	2,244	2,651	1,567
Employee expenses	18	(6,871)	(3,525)	(4,801)	(2,809)
Depreciation, amortization and impairment of non-current assets	5, 6	(4,342)	(2,290)	(3,670)	(1,913)
Other expenses		(10)	0	(180)	(49)
Operating profit (loss)		**1,803**	**706**	**2,562**	**1,675**
Discontinued Operations	19	0	0	(23,392)	(23,211)
Financial Income		258	106	183	127
Profit (loss) before tax		**2,061**	**812**	**(20,647)**	**(21,409)**
Income tax	12	(8)	(4)	(10)	(5)
Profit (loss) for the period		**2,053**	**808**	**(20,657)**	**(21,414)**
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(14)	(22)	20	0
Other comprehensive income for the period		**(14)**	**(22)**	**20**	**0**
Total comprehensive income for the period		**2,039**	**786**	**(20,637)**	**(21,414)**

The Notes presented on pages 26 to 41 form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand euros)	Note	01.01.2024-31.12.2024	01.07.2024-31.12.2024	01.01.2023-31.12.2023	01.07.2023-31.12.2023
Cash flows from operating activities					
Profit (loss) for the period - continuing operations		**2,053**	**808**	**2,735**	**1,797**
Adjustments for:					
Depreciation and amortization	5, 6	4,342	2,290	3,670	1,913
Financial Income		(258)	(106)	(183)	(127)
Other adjustments		318	149	489	278
Total adjustments		**4,402**	**2,333**	**3,976**	**2,064**
Changes in trade and other receivables		2	68	(25)	0
Changes in contract liabilities		10	1	(96)	(78)
Changes in prepayments		66	32	(102)	(75)
Changes in trade and other payables		(573)	(406)	519	194
Cash flows from operating activities – continuing operations		**5,960**	**2,836**	**7,007**	**3,902**
Cash flows from operating activities – discontinued operations		0	0	(882)	(469)
Cash flows from operating activities		**5,960**	**2,836**	**6,125**	**3,433**
Cash flows from investing activities					
Net cash flows from business combinations	7	0	0	(1,100)	0
Interest received		258	106	183	127
Fixed-term deposits	9	2,500	3,500	(2,500)	(2,500)
Acquisition of property, plant and equipment	5	(140)	(110)	(16)	(4)
Development expenditure	6	(3,962)	(2,037)	(2,278)	(1,495)
Cash flows from investing activities – continuing operations		**(1,344)**	**1,459**	**(5,711)**	**(3,872)**
Cash flows from investing activities – discontinued operations		0	0	(3,129)	(1,270)
Cash flows from investing activities		**(1,344)**	**1,459**	**(8,840)**	**(5,142)**

Cash flows from financing activities					
Repayment of lease liabilities	14	(55)	(55)	0	0
Payouts to shareholders	13	(5,015)	(5 015)	(2 550)	0
Cash flows from financing activities – continuing operations		**(5,070)**	**(5 070)**	**(2 550)**	**0**
Cash flows from financing activities – discontinued operations		0	0	0	0
Cash flows from financing activities		**(5,070)**	**(5 070)**	**(2 550)**	**0**

TOTAL CASH FLOWS	**(454)**	**(775)**	**(5 265)**	**(1 709)**
Cash and cash equivalents at the beginning	3,900	4 229	9 145	5 608
Effect of movements in exchange rates on cash held	(14)	(22)	20	1
Cash and cash equivalents at the end	**3,432**	**3 432**	**3 900**	**3 900**

The Notes presented on pages 26 to 41 form an integral part of the consolidated financial statements.

Textmagic

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**
Profit for the period	0	0	0	0	0	0	757	**757**
Other comprehensive income	0	0	0	0	0	20	0	**20**
Other changes in equity	0	0	85	0	8	0	379	**472**
Balance at June 30, 2023	**850**	**51,242**	**85**	**0**	**1,659**	**(21)**	**2,920**	**56,735**
Loss for the period	0	0	0	0	0	0	(21,414)	**(21,414)**
Other comprehensive income	0	0	0	0	0	0	0	**0**
Other changes in equity	0	0	0	0	376	0	118	**494**
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	1,245	**1,245**
Other comprehensive income	0	0	0	0	0	8	0	**8**
Covering loss	0	(18,376)	0	0	0	0	18,376	**0**
Other changes in equity	32,725	(32,725)	0	0	325	0	9	**334**
Balance at June 30, 2024	**33,575**	**141**	**85**	**0**	**2,360**	**(13)**	**1,254**	**37,402**

Profit for the period	0	0	0	0	0	0	808	**808**
Other comprehensive income	0	0	0	0	0	(22)	0	**(22)**
Transactions with shareholders	(5,015)	0	0	0	0	0	0	**(5,015)**
Other changes in equity	(27,710)	0	0	27,710	336	0	11	**347**
Balance at December 31, 2024	**850**	**141**	**85**	**27,710**	**2,696**	**(35)**	**2,073**	**33,520**

More detailed information on the Group's equity items is provided in Note 10.

The Notes presented on pages 26 to 41 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED INTERIM 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 interim financial statements of TextMagic AS for the 12 months ended 31.12.2024 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.

NOTE 2. BASIS OF ACCOUNTING

The condensed consolidated interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union, and consists of condensed consolidated financial statements and selected explanatory notes.

The accounting policies and methods of computation used in the preparation of the interim report are the same as the accounting policies and methods of computation used in the annual report for the year ended December 31, 2023, which comply with the International Financial Reporting Standards, as adopted by the European Union IFRS EU.

These condensed consolidated interim financial statements have not been audited and do not contain the entire range of information required for the preparation of complete financial statements. The condensed consolidated interim financial statements should be read in conjunction with the Annual Report prepared for the year ended December 31, 2023, which has been prepared in accordance with the International Financial Reporting Standards IFRS EU.

The applicable accounting policies have not changed compared to the previous financial year. An accounting policy for discontinued operations has been added, which is accounted for in accordance with the requirements of IFRS 5. An operation is presented as a discontinued operation when it represents a separate line of business or geographical area of operations. It is presumed that the operation consists of activities and cash flows that can be clearly distinguished from the rest of the business, both operationally and for financial reporting purposes.

The period of this report is January 1, 2024 to December 31, 2024. The reference period is January 1, 2023 to December 31, 2023.

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.

NOTE 4. RISK MANAGEMENT

In its daily operations, the Group is exposed to several financial risks- credit risk, liquidity risk, market risk, currency risk, interest rate risk. The interim financial statements do not cover the entire financial risk management as required in the annual reports; this information can be found in the Group's 2023 annual report. There have been no significant changes in the policies governing the work of risk management since the end of last year.

Textmagic

NOTE 5. 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**

NOTE 6. INTANGIBLE ASSETS

(in thousands of euros)	Goodwill	Software*	Other intangible assets	Incomplete 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 acquisitions and improvements consist of capitalized development costs for the TextMagic platform software and also for the Voog.com and Edicy.com platforms..

** 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 7. BUSINESS COMBINATION

On May 29, 2023, an agreement was signed to acquire Voog, a website and e-commerce management platform. The acquisition included 100% purchase of Edicy OÜ's shares from 16 shareholders. TextMagic AS used the free cash flow from its business operations to finance the acquisition. The acquisition was executed on June 1, 2023.

The acquisition of Voog gives us the opportunity to expand TextMagic Group's portfolio of software products for companies in different business areas. With this transaction, TextMagic Group aims to create value for our customers, employees, and shareholders.

Purchase consideration – cash outflow

(in thousands of euros)	Edicy OÜ
Cash consideration	(1,358)
Less: Cash acquired	258
Net outflow of cash	**(1,100)**

The total acquisition cost was EUR 69 thousand. The acquisition costs are reflected under other non-operating expenses. The costs consist of the cost of due diligence, consultancy fees, legal fees, etc.

Purchase analysis

(in thousands of euros)	Edicy OÜ fair value
Plant and equipment	9
Intangible assets	1,312
Trade and other receivables	2
Cash	258
Trade payables	(5)
Other payables	(57)
Contract liabilities	(209)
Net identifiable assets acquired	**1,310**
Goodwill	48
Net assets acquired	**1,358**

In the purchase value analysis Goodwill in the amount of EUR 48 thousand was recognized. Goodwill consists of immaterial assets that do not qualify for separate recognition such as long-term experience in website and e-commerce management and customer relationships. Acquisition of companies creates synergy between Group’s companies as well as raises the professional know-how and enables cost savings.

NOTE 8. 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 and Edicy.com platforms	Estonia	100.00%	100.00%

On June 1, 2023, the Group acquired 100% of the shares of Edicy OÜ (Note 7).

NOTE 9. 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 EUR 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 EUR 1,500 thousand with a maturity of 6 months and an annual interest rate of 3.90%.

NOTE 10. 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 bonus 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 bonus 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 bonus 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 bonus 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 options granted to employees and other service providers.

As of December 31, 2024, the total number of granted but not yet exercised options was 192,200 (December 31, 2023: 399,200). The exercise price per share is €0.10.

The reserve for granted but not yet exercised options was recognized in the amount of €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. These options were granted from the shares of Monday Media OÜ, and therefore, no new shares were issued. The reserve for exercised options amounted to €1,461 thousand (December 31, 2023: €0).

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

NOTE 11. TRADE AND OTHER PAYABLES

(in thousands of euros)	Note	31.12.2024	31.12.2023
Trade payables		448	315
Payables to related parties	21	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 12. 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	10	10
Income tax for the year	**10**	**10**
Profit (loss) before tax	**2,065**	**(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%

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	235
Total	**270**	**232**

NOTE 13. OTHER PROVISIONS

Management has identified a probable additional tax liability, for which a provision has been recorded, related to global operations. A sales tax liability has been identified in the US and, as of the date of these financial statements, the Group is in the process of adjusting prior periods, preparing for the settlement of the liability and collecting the sales tax. As this process is ongoing, the amount of the liability is estimated and therefore recognized as a provision.

(in thousands euros)	31.12.2024	31.12.2023
Estimate of global business operations liability	384	1,117
Total Other provisions	**384**	**1,117**

NOTE 14. LEASE LIABILITIES

TextMagic leases office premises, which are recognized as a right-of-use asset and a corresponding 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)	0

NOTE 15. 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	14,580
Over time	642	390
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 16. 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	(416)	(772)
Discontinued operations	0	57
Total	**(4,764)**	**(4,786)**

NOTE 17. 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 18. 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 19. 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.

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

NOTE 20. SEGMENT REPORTING

The business segments have been defined by management based on reports reviewed by the board of TextMagic AS. The Board 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	0	(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 21. 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

No other transactions were conducted in 2024 or during the comparative period with controlling shareholders or with companies controlled by the Management Board, the Supervisory Board, or their related entities.

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.

MANAGEMENT'S SIGNATURES ON THE CONSOLIDATED INTERIM REPORT

The management has prepared the consolidated interim report for TextMagic AS for the 12-month period ending on December 31, 2024.

The management confirms that, to the best of their knowledge, the accounting interim report prepared in accordance with applicable accounting standards provides a true and fair view of the assets, liabilities, financial position, and profit or loss of TextMagic AS and the entities included in the consolidation as a whole. Additionally, the management report provides a true and fair view of the development, results, and financial position of the business, as well as includes a description of the main risks.

Management Board

Priit Vaikmaa
Chairman of the Management Board, CEO