



**2023 12 MONTHS CONSOLIDATED
UNAUDITED INTERIM 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:	SMS marketing service
Commercial registry number:	16211377
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Country of incorporation:	Estonia
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Corporate website:	https://www.textmagic.com/
Financial year	From January 1, 2023 to December 31, 2023
Auditor:	KPMG Baltics OÜ

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MANAGEMENT REPORT

Our B2B software products



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



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

TextMagic Group in numbers

2023

€14.97M ↗ 8%

Revenue

2022: **€13.83M**

€6.23M ↗ 3%

EBITDA*

2022: **€6.02M**

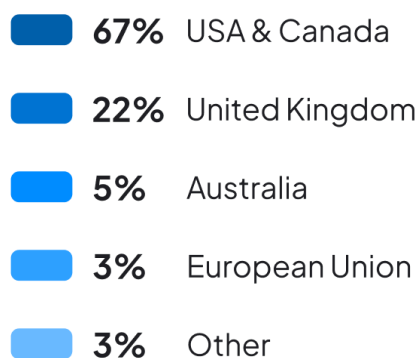
€2.56M ↗ 2%

Operating profit*

2022: **€2.51M**

* Continuing operations

Revenue distribution



2023 OVERVIEW

Textmagic's SMS platform revenue growth rate slowed significantly in 2023 compared to 2022 due to a combination of factors. Our primary market, the US, underwent significant changes to SMS regulations, resulting in restrictions on SMS campaigns. Demand that increased during the peak of the Covid pandemic, came to an end by 2023. At the same time, our customer portfolio was negatively impacted by rising interest rates, inflation, and the economic environment, resulting in a decline in business volumes.

Group's operational figures for 2023 and change compared to 2022

14.97 M € +8%

Revenue

264.91 M SMS -10%

Number of SMS sent on Textmagic platform

6.23 M € +3%

EBITDA

2.56 M € +2%

Operating profit from continuing operations

TextMagic Group has evaluated changing regulations, market dynamics and customer needs in its growth strategies. Investments in software development and product portfolio expansion are necessary to achieve sustainable growth.

In June, we launched a regulatory development on the Textmagic SMS platform to simplify the process for customers to register campaigns and brands. As of July, mobile apps with enhanced functionality and a new logo are available for both Android and iOS users. A version with a new user interface was launched in the fourth quarter of 2023.

At the end of May we changed the price list for the Textmagic SMS platform. The price increase was necessary both to cover inflationary costs and to fund future investments to ensure quality of service and regulatory compliance.

The second quarter was an important milestone in Group's strategy to develop, acquire and manage software solutions for business customers. On June 1, 2023, Voog, a website and e-commerce management platform, was acquired for EUR 1.1 million. As part of the acquisition, 100% of the shares in Edicy OÜ were acquired from 16 shareholders. To recognize the transaction, it was decided to provisionally value the acquisition at EUR 1 per Estonian and to donate the difference to support Ukraine. The acquisition received positive press coverage in Estonia and abroad.

In November, we made the strategic decision to discontinue development of Touchpoint product. This decision was based on an in-depth analysis comparing the investment made in the project to date, the additional effort required, and the level of development achieved. Management concluded that the product, despite its anticipated potential, was highly unlikely to meet market expectations prior to launch. Given the additional costs and market dynamics, we have decided to suspend further development. With this decision, we aim to optimize our use of resources and refocus on other strategically important areas. In the following report, the Touchpoint project is treated as a discontinued operation. For the purposes of this report, the Touchpoint project has been accounted for as a discontinued operation with a cost of EUR 23.39 million in 2023 (2022: EUR 0.19 million), resulting in a loss to the Group of EUR 20.66 million (2022: profit of EUR 2.31 million).

TextMagic AS was awarded for the best investor relations on the Nasdaq Baltic First North in 2023 with the 3rd place.

FINANCIAL RESULTS

Revenue

The group's unaudited consolidated total revenue increased by 8% year-on-year to EUR 14,970 thousand in 2023 (2022: EUR 13,831 thousand). On June 1, 2023, the group acquired a 100% subsidiary Edicy OÜ, the company that manages the Voog website and e-commerce platform. The financial results of the Voog platform have been consolidated from the date of acquisition and the impact on the group's revenues was EUR 390 thousand.

(in thousands of euros)	2023	2022
Textmagic A2P SMS platform	€14,580	€13,831
Voog platform	€390	-
Total revenue	€14,970	€13,831

Textmagic A2P SMS platform business volumes 2023

Textmagic A2P SMS platform's sales revenue in 2023 was EUR 14,580 thousand (2022: EUR 13,831 thousand), an increase of 5% compared to 2022.

	2023	2022	Change
Revenue (thousands)	€14,580	€13,831	+5%
Volume of SMS messages (thousands)	264,908	294,016	-10%
Active users*	35,410	37,934	-7%
Average revenue per user (ARPU)**	€412	€364	+13%

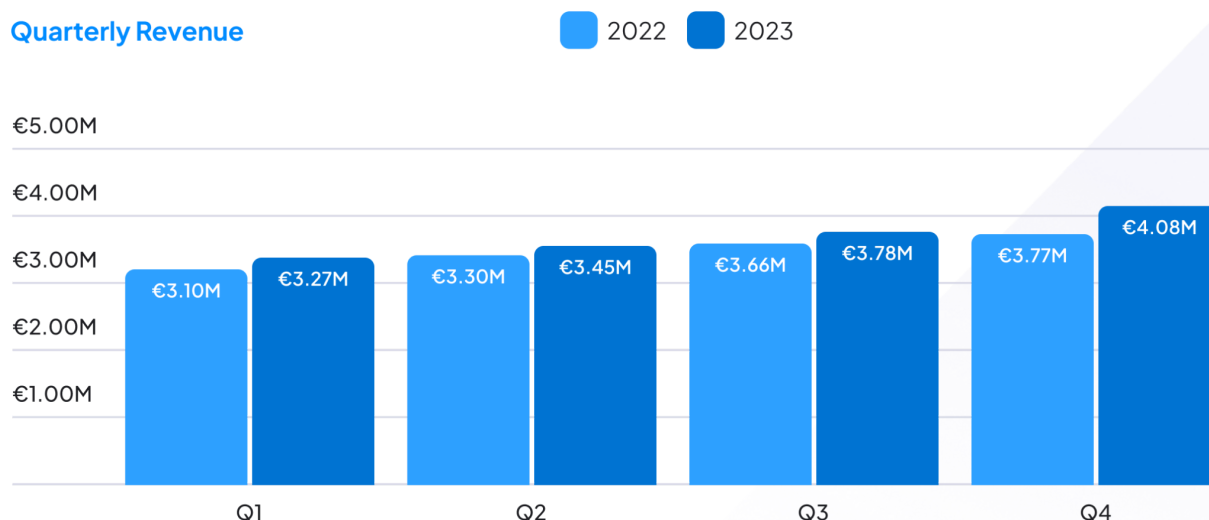
* An active user is any unique paying customer who has used Textmagic SMS platform services during the reporting period.

**ARPU is calculated as Revenue / Active users.

Textmagic platform's revenue distribution is similar to last year, with small differences in the major regions. The US and Canadian markets together accounted for the majority of revenues at 67% (2022: 70%). The UK share increased to 22% (2022: 18%). The Australian market accounted for 5% of sales (2022: 6%) and the European Union for 3% (2022: 4%). All other regions accounted for the remaining 3% of sales (2022: 2%).

The growth rate of the A2P messaging market is being affected by the general economic environment and the financial situation of users, as well as by changes in US regulations restricting the mass transmission of unregistered campaign messages. These regulations will have a positive impact on SMS marketing by reducing spam and fraudulent messages.

Quarterly Revenue



Direct costs

The results for 2023 include direct costs of services sold in the amount of EUR 4,786 thousand or 32% of revenues. As a result of the price increase introduced in May and the change in business volumes, the direct cost rate has decreased compared to 2022, when the direct cost of services sold was EUR 4,996 thousand, accounting for 36% of revenue. Direct costs of discontinued operations totaled EUR 57 thousand in 2023 (2022: EUR 5 thousand).

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

Over the past few years, we have been pleased to see the team grow and diversify rapidly. Our team consists of employees and contractors, all of whom we consider integral members of the team. As a result of the team's growth, personnel expenses have also increased significantly, reaching €4,801 thousand in 2023 (2022: €2,984 thousand) in continuing operations. The change is primarily due to the strategic expansion of the Textmagic product development team to accelerate product development, the expansion of the marketing team to strengthen marketing capabilities, and the integration of eight employees related to the acquisition of Voog.

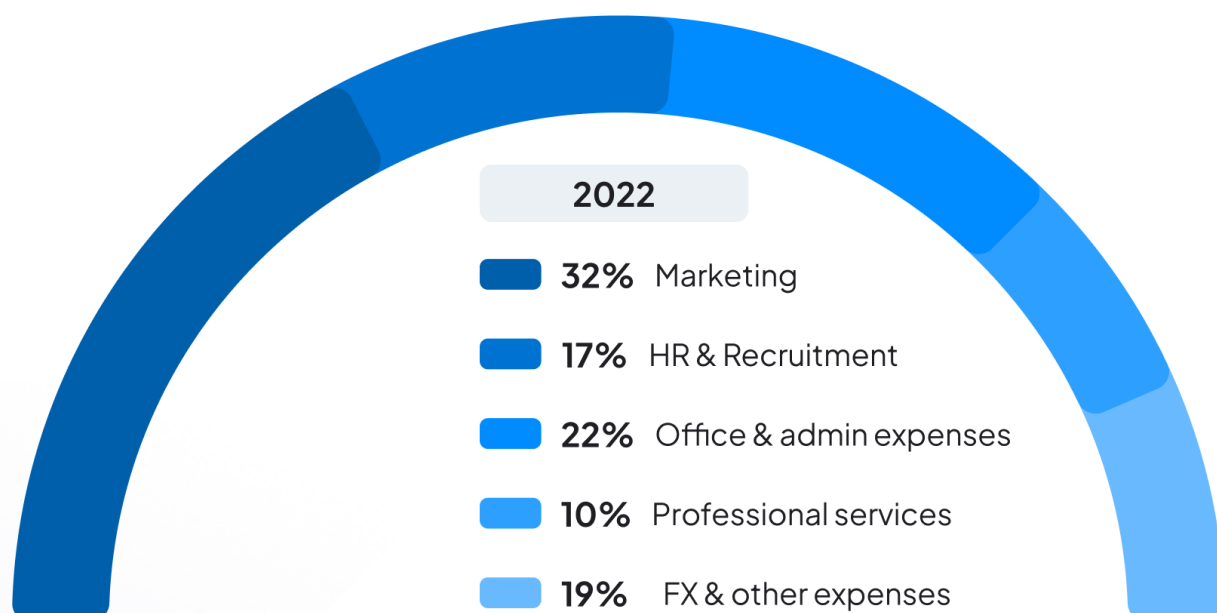
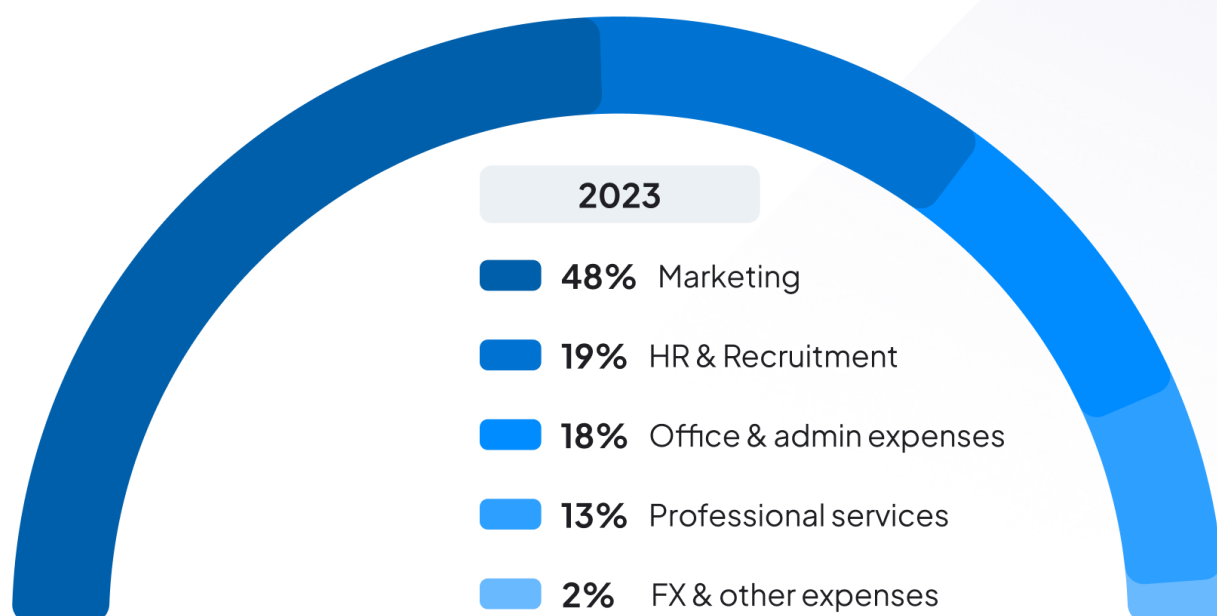
Of the personnel expenses of the continuing operations, 55%, or EUR 2,651 thousand, were capitalized (2022: 52%; EUR 1,540 thousand), as they are directly related to product development. Personnel expenses also include the non-monetary impact of three-year option contracts in the amount of EUR 858 thousand (2022: EUR 558 thousand).

The Touchpoint software development team included nearly 50 people. With the termination of the software development, the team was reduced by 38 members, and ten of the top performing team members continue on the Textmagic software development team. In 2023, the personnel expenses of discontinued operations amounted to EUR 3,651 thousand (2022: EUR 2,850 thousand), of which EUR 3,129 thousand (2022: EUR 2,696 thousand) were capitalized.

Other operating expenses

Operating expenses in continuing operations increased by 10% to EUR 1,715 thousand (2022: EUR 1,555 thousand). Operating expenses in discontinued operations amounted to EUR 57 thousand in 2023 (2022: EUR 18 thousand).

Distribution of operating expenses



Marketing costs increased the most, by EUR 329 thousand and accounted for 48% of operating costs (2022: EUR 489 thousand; 32%). The increase in marketing costs is necessary to maintain the customer base and market position in a difficult economic environment, and the launch of the Touchpoint marketing campaigns contributed to the increase in costs. The group will continue to market the Touchpoint brand and domain in the coming periods, with the possibility of using the brand separately from the originally planned software in the future.

Recruitment and personnel costs also increased by EUR 89 thousand to EUR 355 thousand due to the expansion of the team. Professional services mainly comprise legal and financial services.

Other income and expenses

In 2023, other operating income amounted to EUR 93 thousand (2022: EUR 309 thousand). The increase in other operating income recognized in 2022 is due to the first-time application of the expiration of inactive user credits, which had a temporary positive effect but is not regular in nature.

Other operating expenses in 2023 amount to EUR 180 thousand (2022: EUR 121 thousand). In 2023, other operating expenses include one-time legal and transaction advisory fees of EUR 69 thousand related to the acquisition of Voog.

Cash flows

As of December 31, 2023, the TextMagic Group had a cash balance of EUR 3,900 thousand (December 31, 2022: EUR 9,145 thousand).

The TextMagic SMS 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 2023 amounted to EUR 7,007 thousand (2022: EUR 6,828 thousand). The cash flow from operating activities of discontinued operations in 2023 amounted to EUR -882 thousand (2022: EUR -190 thousand).

The cash flow from investing activities of continuing operations was mainly composed of the expenditure on intangible assets of EUR 2,278 thousand (2022: EUR 1,150 thousand) and the acquisition of the subsidiary Edicy OÜ of EUR 1,100 thousand. Furthermore, the opening of a fixed-term deposit of EUR 2,500 thousand (2022: EUR 0).

The cash flow from investing activities of discontinued operations in 2023 amounted to EUR 3,129 thousand (2022: EUR 2,137 thousand).

As a financing activity, a distribution to shareholders of EUR 2,550 thousand was made in February 2023 (2022: EUR 0).

Financial ratios

	2023	2022
Revenue (in thousands of euros)	14,970	13,831
EBITDA (Operating profit plus amortization and depreciation) (in thousands of euros)	6,232	6,024
EBITDA margin (EBITDA / revenue)	41.6%	43.6%
EBIT (Operating profit) (in thousands of euros)	2,562	2,511
EBIT margin (EBIT / revenue)	17.1%	18.2%
Profit (loss) for the period (in thousands of euros)	(20,657)	2,310
Profit (loss) margin (Profit for the period / revenue)	(138.0%)	16.7%
Total Assets at the end of the period (in thousands of euros)	39,614	61,411
Equity at the end of the period (in thousands of euros)	35,815	55,486
Liquidity ratio (Current assets / Current liabilities)	1.75	1.57
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 2024

In 2024, the TextMagic Group will focus primarily on the development and marketing of the Textmagic SMS platform. The goal is to restore the platform's growth rate, which has slowed over the past year. The Textmagic team is committed to improving the platform's functionality and user experience to enhance the product's value proposition and strengthen its market position.

In addition, the development of the Voog.com websites and e-commerce platform will be focused on improving functionality. We aim to expand our customer base internationally in order to increase sales in foreign markets.

Management is focused on maximizing the well-being of employees and shareholders. Management focuses on incentive systems, improving shareholder returns, effective investor relations, also strategic planning, and risk management.

According to the 2024 financial outlook, revenue and EBITDA are expected to grow by 11%. Net income from continuing operations is expected to decrease compared to 2023 due to the amortization of intangible assets.

TextMagic Group's prognosis for 2024

16.6 M € +10.9%*

Revenue

2.98 M € +16.7%*

Cash payout to shareholders

6.9 M € +10.8%*

EBITDA

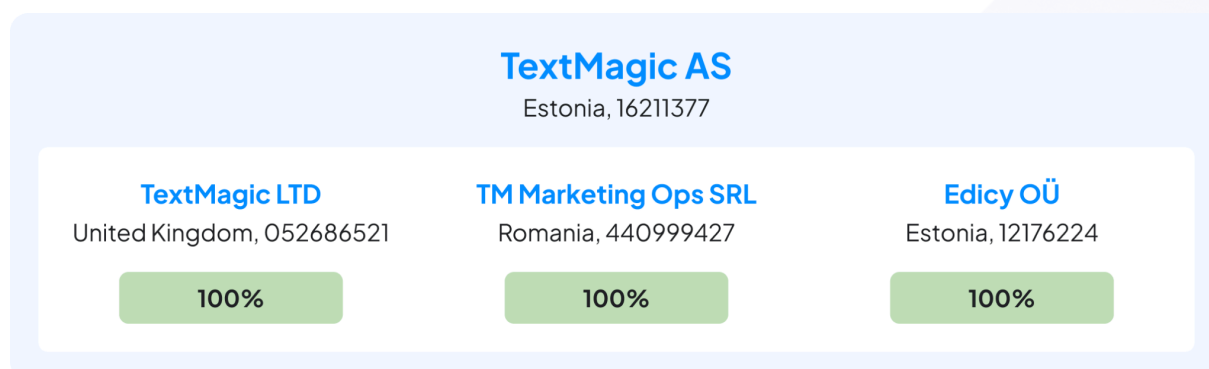
2.2 M € -24.8%*

Net profit from continuing operations

**Compared to 2023 results*

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, 2023, the Group had three wholly owned subsidiaries. The structure of the Group is shown below:



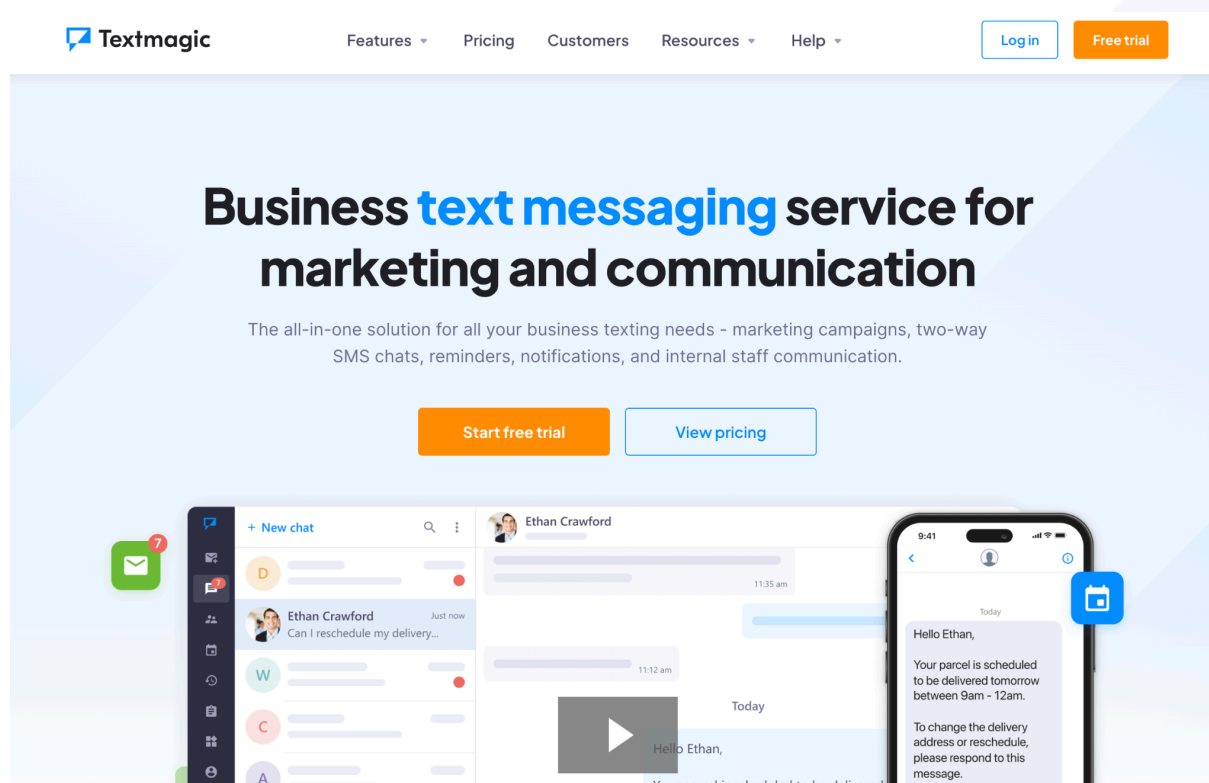
TextMagic AS organizes the management and development of intellectual property and manages the day-to-day business of the Group.

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

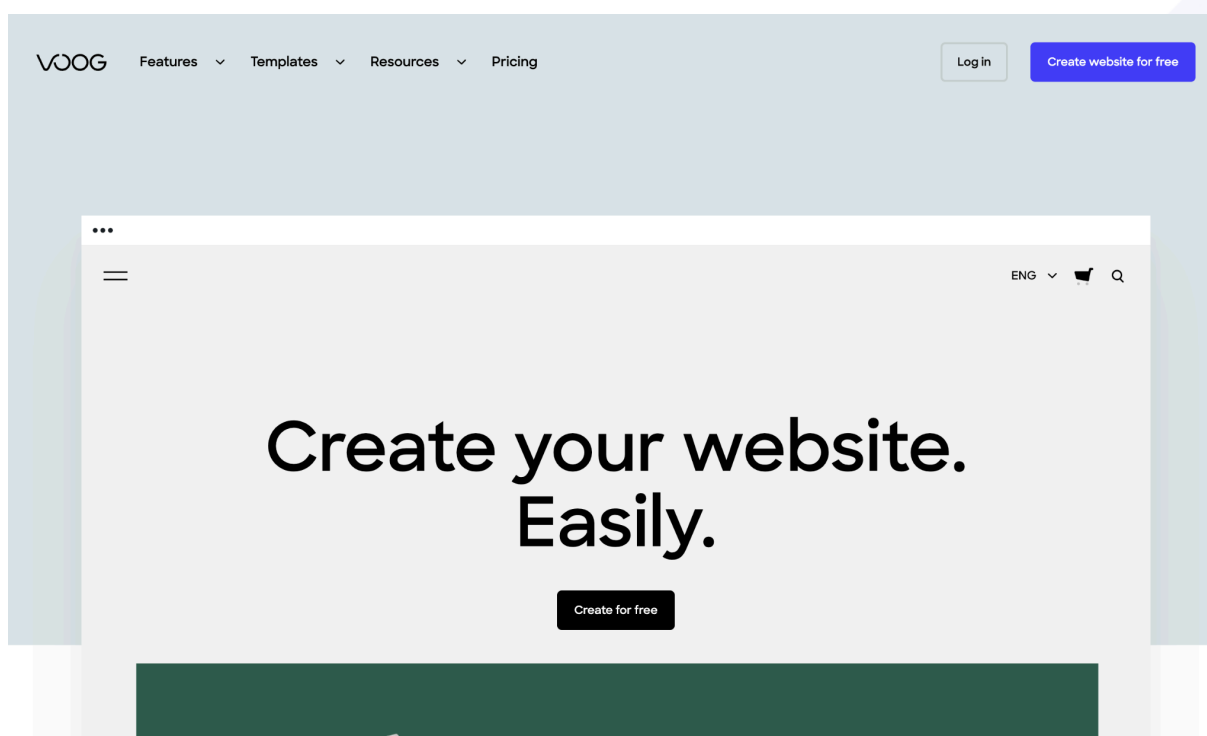


Textmagic is an A2P (application-to-person) SMS platform that enables users to send notifications, alerts, reminders, and order confirmations, as well as run SMS marketing campaigns, surveys, 2-way chat and 2-factor authentication.

Compared to other communication channels (e.g. e-mail, phone calls, etc.), SMS has a higher penetration and response rate. Textmagic's mission is to be a trusted partner in helping our users reach their customers, audiences, and partners in an easy, instant and reliable way.

Textmagic's A2P SMS platform business volume is affected by seasonality. Periods of higher usage activity include March through May and September through November. Less active months are associated with lower levels of customer business activity due to holidays and vacation periods.

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.

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 management 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, 2023, the management board of TextMagic AS consists of one member, Mr. Priit Vaikmaa. The Group's extended management team also includes financial manager Getter Grünmann, who joined the Group in the first half of 2023. The board of TextMagic AS consults with the financial manager 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 2022 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, 2023, 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 affecting the decisions of investors, consumers, regulators and employees, which means creating business value necessitates an ESG (Environmental, Social and Governance) focus. These changes in stakeholder decisions create significant opportunities for businesses that have the capabilities to understand ESG concerns and take appropriate action. Although TextMagic AS is not subject to mandatory sustainability reporting requirements as a listed company on the First North alternative market, we strive to demonstrate the same level of commitment to sustainability as Public Interest Entities. Driving sustainability into the heart of business requires holistic change that goes further than just reducing environmental impact. In 2023, we started to develop the strategy in more depth, and the next period will be dedicated to refining the strategy, validating the metrics, and implementing them.

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 limit 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 2023, there were seven members in total on the supervisory board, the management board, and the extended management team of the Group, three 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.

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 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, 2023, 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. There are no known restrictions on the transfer of securities in the 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	2023	2022
Average price	6.74	7.54
Maximum price	7.74	9.89
Minimum price	4.10	6.71
Closing price at December 31	4.20	7.175
Number of shares at December 31	8,500,000	8,500,000
Number of shareholders at December 31	7,042	9,110
Market value of the company at December 31 (Closing price * number of shares)	35,700,000	60,987,500
Earnings per share (EPS) (Profit / number of shares)	(2.43)	0.27

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. See Note 13 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 INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	Note	31.12. 2023	30.06. 2023	31.12. 2022	30.06. 2022
Non-current assets					
Property, plant and equipment	7	105	172	191	150
Intangible assets and goodwill	8	32,854	54,496	51,944	51,085
Total non-current assets		32,959	54,668	52,135	51,235
Current assets					
Trade and other receivables		24	24	1	2
Prepayments		231	157	130	107
Financial Investments	11	2,500	0	0	0
Cash and cash equivalents		3,900	5,608	9,145	7,555
Total current assets		6,655	5,789	9,276	7,664
TOTAL ASSETS		39,614	60,457	61,411	58,899
Liabilities					
Current tax liabilities	15	232	196	102	151
Trade and other payables	14	791	875	988	646
Debts to shareholders	13	0	0	2,550	0
Contract liabilities	17	1,659	1,737	1,546	1,428
Other provisions	16	1,117	914	739	560
Total current liabilities		3,799	3,722	5,925	2,785
Total liabilities		3,799	3,722	5,925	2,785
Equity					
Share capital	12	850	850	850	850
Share premium	12	51,242	51,242	51,242	53,792
Reserve capital	12	85	85	0	0

Other reserve	12	2,035	1,659	1,651	884
Foreign currency translation reserve		(21)	(21)	(41)	(6)
Retained earnings		2,281	2,163	(526)	(534)
Profit/Loss for the period		(20,657)	757	2,310	1,128
Total equity attributable to owners of the parent		35,815	56,735	55,486	56,114
Total equity		35,815	56,735	55,486	56,114
TOTAL EQUITY AND LIABILITIES		39,614	60,457	61,411	58,899

The Notes presented on pages 27 to 46 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	Note	01.01.2023- 31.12.2023	01.07.2023 – 31.12.2023	01.01.2022- 31.12.2022	01.07.2022- 31.12.2022
Revenue	17	14,970	8,192	13,831	7,427
Other income		93	53	309	41
Goods, raw materials and services	18	(4,786)	(2,502)	(4,996)	(2,738)
Other operating expenses	19	(1,715)	(864)	(1,555)	(863)
Work performed by the entity and capitalized		2,651	1,567	1,540	901
Employee expenses	20	(4,801)	(2,809)	(2,984)	(1,662)
Depreciation, amortization and impairment of non-current assets	7, 8	(3,670)	(1,913)	(3,513)	(1,769)
Other expenses		(180)	(49)	(121)	(37)
Operating profit (loss)		2,562	1,675	2,511	1,300
Discontinued Operations	21	(23,392)	(23,211)	(193)	(116)
Financial Income		183	127	0	0
Profit (loss) before tax		(20,647)	(21,409)	2,318	1,184
Income tax	15	(10)	(5)	(8)	(2)
Profit (loss) for the period		(20,657)	(21,414)	2,310	1,182
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		20	0	(49)	(39)
Other comprehensive income for the period, net of tax		20	0	(49)	(39)
Total comprehensive income for the period		(20,637)	(21,414)	2,261	1,143

The Notes presented on pages 27 to 46 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand euros)	Note	01.01.2023- 31.12.2023	01.07.2023- 31.12.2023	01.01.2022- 31.12.2022	01.07.2022- 31.12.2022
Cash flows from operating activities					
Profit (loss) for the period - continuing operations		2,735	1,797	2,503	1,298
<i>Adjustments for:</i>					
Depreciation and amortization	7, 8	3,670	1,913	3,513	1,769
Financial Income		(183)	(127)	0	0
Other adjustments		489	278	551	290
Total adjustments		3,976	2,064	4,064	2,059
Changes in trade and other receivables		(25)	0	76	0
Changes in contract liabilities		(96)	(78)	88	118
Changes in prepayments		(102)	(75)	(1)	(122)
Changes in trade and other payables		519	194	98	552
Net cash from operating activities – continuing operations		7 007	3 902	6 828	3 905
Net cash from operating activities – discontinued operations		(882)	(469)	(190)	(80)
Net cash from operating activities		6,125	3,433	6,638	3,825
Cash flows from investing activities					
Net cash flows from business combinations	9	(1,100)	0	0	0
Interest received		183	127	0	0
Fixed-term deposits		(2,500)	(2,500)	0	0
Acquisition of property, plant and equipment	7	(16)	(4)	(192)	(101)
Development expenditure	8	(2,278)	(1,495)	(1,150)	(704)
Net cash used in investing activities – continuing operations		(5,711)	(3,872)	(1,342)	(805)

Net cash used in investing activities – discontinued operations		(3,129)	(1,270)	(2,137)	(1,391)
Net cash used in investing activities		(8,840)	(5,142)	(3,479)	(2,196)
Cash flows from financing activities					
Payouts to shareholders	13	(2,550)	0	0	0
Net cash from financing activities – continuing operations		(2,550)	0	0	0
Net cash from financing activities – discontinued operations		0	0	0	0
Net cash from financing activities		(2,550)	0	0	0
TOTAL CASH FLOWS		(5,265)	(1,709)	3,159	1,629
Cash and cash equivalents at the beginning		9,145	5,608	6,035	7,555
Effect of movements in exchange rates on cash held		20	1	(49)	(39)
Cash and cash equivalents at the end		3,900	3,900	9,145	9,145

The Notes presented on pages 27 to 46 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	Other reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at December 31, 2021	850	53,792	0	153	11	(535)	54,271
Profit (loss) for the period	0	0	0	0	0	1,128	1,128
Other comprehensive income for the period	0	0	0	0	(17)	0	(17)
Other changes in equity	0	0	0	731	0	1	732
Balance at June 30, 2022	850	53,792	0	884	(6)	594	56,114
Profit (loss) for the period	0	0	0	0	0	1,182	1,182
Other comprehensive income for the period	0	0	0	0	(35)	0	(35)
Other changes in equity	0	(2,550)	0	767	0	8	(1,775)
Balance at December 31, 2022	850	51,242	0	1,651	(41)	1,784	55,486

Profit (loss) for the period	0	0	0	0	0	757	757
Other comprehensive income for the period	0	0	0	0	20	0	20
Other changes in equity	0	0	85	8	0	379	472
Balance at June 30, 2023	850	51,242	85	1,659	(21)	2,920	56,735
Profit (loss) for the period	0	0	0	0	0	(21,414)	(21,414)
Other comprehensive income for the period	0	0	0	0	0	0	0
Other changes in equity	0	0	0	376	0	118	494
Balance at December 31, 2023	850	51,242	85	2,035	(21)	(18,376)	35,815

More detailed information on the Group's equity items is provided in Note 12.

The Notes presented on pages 27 to 46 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 Mõisa 4, 13522 Tallinn, Republic of Estonia. The consolidated interim financial statements of TextMagic AS for the 12 months ended 31.12.2023 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, 2022, 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, 2022, 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, 2023 to December 31, 2023. The reference period is January 1, 2022 to December 31, 2022.

This consolidated interim report has not been audited or otherwise checked by auditors.

NOTE 3. FUNCTIONAL AND PRESENTATION CURRENCY

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

NOTE 4. CHANGES IN ESTIMATES AND PRESENTATION**Change in presentation**

Due to the termination of development of the Touchpoint customer service software, the Group treats this as a discontinued operation for reporting purposes. Further details in Note 21.

(in thousands of euros)	01.01.2022- 31.12.2022 (2022 report)	Change	01.01.2022- 31.12.2022 (2023 report)
Work performed by the entity and capitalized	4,235	(2,695)	1,540
Goods, raw materials and services	(4,657)	5	(4,652)
Other operating expenses	(1,579)	18	(1,561)
Employee expenses	(5,834)	2,850	(2,984)
Depreciation, amortization and impairment of non-current assets	(3,528)	15	(3,513)
Discontinued operations	0	(193)	(193)

NOTE 5. CORRECTION OF ERRORS

Corrections for prior periods

In the Annual Report, the figures for previous periods have been adjusted as follows:

- Due to the incorrect periodization of expenses, the liability item "Trade and other payables" was adjusted by EUR 98 thousand, the cost item "Goods, raw materials and services" by EUR -38 thousand and the equity item "Retained earnings" by EUR -60 thousand.
- In connection with the global operations, management has identified a probable additional liability for which a provision has been recorded. As a result, the cost items "Goods, raw materials and services purchased" were adjusted by EUR -306 thousand and "Other non-operating expenses" by EUR -60 thousand, the liability item "Other provisions" by EUR 739 thousand and the equity item "Retained earnings" by EUR -373 thousand.

Adjustments to the financial statements:

(in thousands euros)	01.01.2022 – 31.12.2022 (2022 report)	Change	01.01.2022 – 31.12.2022 (2023 report)
Trade and other payables	890	98	988
Other provisions	0	739	739
Retained earnings	(93)	(433)	(526)
Goods, raw materials and services	(4,652)	(344)	(4,996)
Other expenses	(61)	(60)	(121)

NOTE 6. 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 2022 annual report. There have been no significant changes in the policies governing the work of risk management since the end of last year.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Office equipment	Computer equipment	Other tangible assets	Total
Cost at December 31, 2021	17	47	64	128
Accumulated depreciation at 31 December 2021	(9)	(16)	(23)	(48)
Carrying amounts at December 31, 2021	8	31	41	80
Additions	1	174	17	192
Acquisitions through business combinations	0	0	0	0
Disposal and other changes	0	0	0	0
Depreciation	(1)	(39)	(41)	(81)
Cost at December 31, 2022	17	221	35	273
Accumulated depreciation at 31 December 2022	(9)	(55)	(18)	(82)
Carrying amounts at December 31, 2022	8	166	17	191
Additions	0	20	1	21
Acquisitions through business combinations	0	9	0	9
Disposal and other changes	0	(26)	(5)	(31)
Depreciation	(3)	(73)	(9)	(85)
Cost at December 31, 2023	17	192	22	231
Accumulated depreciation at 31 December 2023	(12)	(97)	(17)	(126)
Carrying amounts at December 31, 2023	5	95	5	105

NOTE 8. INTANGIBLE ASSETS

(in thousands of euros)	Goodwill	Software*	Other intangible assets	Uncomplete software**	Pre-payments	Total
Cost at December 21, 2021	208	31,942	2,530	17,675	0	52,355
Accumulated amortization at December 31, 2021	0	(1,136)	(63)	0	0	(1,199)
Carrying amounts at December 31, 2021	208	30,806	2,467	17,675	0	51,156
Additions	0	0	0	4,224	11	4,235
Amortization	0	(3,194)	(253)	0	0	(3,447)
Acquisitions through business combinations	0	0	0	0	0	0
Cost at December 31, 2022	208	31,942	2,530	21,899	11	56,590
Accumulated 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
Accumulated 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

* 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. 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 10. 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 2023	Ownership interest at 31 Dec 2022
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%*	-

*On June 1, 2023, the Group acquired 100% of the shares of Edicy OÜ (Note 9).

NOTE 11. FINANCIAL INVESTMENTS

(in thousands of euros)	31.12.2023	31.12.2022
Fixed-term deposits	2,500	0
Total	2,500	0

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%.

NOTE 12. CAPITAL AND RESERVES

Share capital and share premium

The share capital as of December 31, 2023, was in the amount of €850 thousand (December 31, 2022: €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.

The share premium is on total of €51,242 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.

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 EUR 85 thousand as of December 31, 2023 (December 31, 2022: EUR 0).

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 recognized for period January 1, 2023, to December 31, 2023 was in total of -€18 thousand (January 1, 2022 to December 31, 2022: -€38 thousand).

Other reserves

Other reserves comprise the share-based payments reserve which is used to recognize options issued to employees and other service providers but not exercised.

The total number of options granted but not exercised as of December 31, 2023, was 399,200 (December 31, 2022: 561,000). The exercise price per share is €0,1 per share.

Reserves for options granted were recognized in total of €2,035 thousand as of December 31, 2023 (December 31, 2022: €1,651 thousand). The expected costs of previous periods were reduced in 2023 by €589 thousand, the effect of which was reflected in the retained earnings of the previous periods.

NOTE 13. PAYABLES TO SHAREHOLDERS

On August 5, 2022, the shareholders decided to reduce the share capital by €2,550 thousand, which reduced the book value of the shares from €0.4 to €0.1. Payments are made to the shareholders of TextMagic AS on the terms stipulated by law. As of December 31, 2023, the liability to shareholders was thus €0 (December 31, 2022: €2,550 thousand). The payment was made in February 2023.

NOTE 14. TRADE AND OTHER PAYABLES

(in thousands of euros)	Note	31.12.2023	31.12.2022
Trade payables		315	596
Payables to related parties	23	0	0
Total trade payables		315	596
Payables to employees		173	101
Other accrued liabilities		303	291
Total other payables		476	392
Total		791	988
Non-current		0	0
Current		791	988
Total		791	988

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 15. INCOME TAX AND TAX LIABILITIES

Amounts recognized in profit or loss

(in thousands of euros)	31.12.2023	31.12.2022
Current tax for the year	10	8
Income tax for the year	10	8
Profit (loss) before tax	(20,647)	2,318
Tax using the Company's domestic tax rate	0	0
Effect of tax rates in foreign jurisdictions	10	8
Income tax for the year	10	8
Effective tax	0%	0%

Tax liabilities

(in thousands of euros)	31.12.2023	31.12.2022
Value-added tax	34	3
Personal income tax	51	30
Corporate income tax	7	7
Social security tax	92	55
Funded pension contributions	4	2
Unemployment insurance contributions	6	5
Other tax payables	38	0
Total	232	102
Non-current	0	0
Current	235	102
Total	232	102

NOTE 16. OTHER PROVISIONS

Management has identified a probable additional liability, for which a provision has been recorded, related to global business operations.

(in thousands euros)	31.12.2023	31.12.2022
Estimate of global business operations liability	1,117	739
Total Other provisions	1,117	739

NOTE 17. REVENUE

(in thousands of euros)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
<i>Sales to countries other than the European Union</i>		
United States	8,780	8,902
United Kingdom	3,251	2,516
Australia	790	769
Canada	959	751
Other countries	324	387
Total sales to countries other than the European Union	14,104	13,325
<i>Sales to countries of the European Union</i>		
Countries of the European Union	866	506
Total sales to European Union countries	866	506
Total revenue	14,970	13,831
Major products/service lines		
Text-messaging services	11,205	11,670
Virtual mobile number services	3,026	1,651
Other TextMagic A2P SMS platform services	347	510
Voog.com platform	392	0
Total revenue	14,970	13,831
Timing of revenue recognition		
At a point in time	14,578	13,831
Over time	392	0
Total revenue from contracts with customers	14,970	13,831

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)	31.12.2023	31.12.2022
Receivables, which are included in 'trade and other receivables	0	0
Contract liabilities	1,659	1,546
Total	1,659	1,546

No information is provided about remaining performance obligations as of December 31, 2022, 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)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Payment processing fees	(463)	(462)
Purchased services	(3,608)	(3,779)
Other software expense	(772)	(760)
Discontinued operations	57	5
Total	(4,786)	(4,996)

NOTE 19. OTHER OPERATING EXPENSES

(in thousands of euros)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Office expenses	(162)	(135)
Administrative expenses	(24)	(92)
Software expenses	(153)	(132)
Legal and other professional service costs	(88)	(66)
Accounting and audit expenses	(128)	(93)
Marketing expenses	(818)	(489)
Recruitment and other personnel expenses	(355)	(266)
Exchange rate variance and foreign currency gains and losses	(8)	(218)
Other operating expenses	(36)	(82)
Discontinued operations	57	18
Total	(1,715)	(1,555)

NOTE 20. STAFF EXPENSES

(in thousands of euros)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Salary expenses	(1,727)	(984)
Share option expense*	(969)	(906)
Social security charges	(616)	(373)
Discontinued operations	593	636
Total employee expenses	(2,719)	(1,627)
Average number of personnel converted to full-time equivalent	30	18
Average number of staff by employment relationship:		
Personnel working under employment contracts	29	16
Personnel working under board member contracts	1	2

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

(in thousands of euros)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Cost of contract developers	(5,140)	(2,992)
Option expense**	0	(579)
Discontinued operations	3,058	2,214
Total subcontractors' expense	(2,082)	(1,357)

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

(in thousands of euros)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Total employee expense	(3,312)	(2,263)
Total subcontractors' expense	(5,140)	(3,571)
Total discontinued operations	3,651	2,850
Total staff expenses	(4,801)	(2,984)

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.

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	01.01.2022- 31.12.2022
Revenue	0	0
Other income	0	0
Goods, raw materials and services	(57)	(5)
Other operating expenses	(57)	(18)
Work performed by the entity and capitalized	3,129	2,695
Employee expenses	(3,651)	(2,850)
Depreciation, amortization and disposal of non-current assets	(22,756)	(15)
Other expenses	0	0
Operating loss	(23,392)	(193)

Assets and liabilities related to Touchpoint customer service software

(in thousands of euros)	31.12.2023	31.12.2022
Non-currents assets		
Property, plant and equipment	0	62
Intangible assets and goodwill	0	20,370
Total non-current assets	0	20,432
Liabilities		
Tax liabilities	0	12
Trade and other payables	0	260
Total liabilities	0	272

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)	Software products Textmagic ja Voog development and management	
	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Revenue	14 970	13 831
Other income	93	309
Goods, raw materials and services	(4 786)	(4 996)
Other operating expenses	(1 715)	(1 555)
Work performed by the entity and capitalized	2 651	1 540
Employee expenses	(4 801)	(2 984)
Depreciation, amortization, and disposal of non-current assets	(3 670)	(3 513)
Other expenses	(179)	(120)
Operating profit	2 562	2 511
EBITDA	6 232	6 024

Beginning in the first half of 2023, the Board will monitor the geographic segmentation of revenue by software product.

(in thousands of euros)	Textmagic platform		Voog platform	
	01.01.2023-31.12.2023	01.01.2022-31.12.2022	01.01.2023-31.12.2023	01.01.2022-31.12.2022
United States	8,780	8,902	0	0
United Kingdom	3,251	2,516	0	0
Australia	790	769	0	0
Canada	959	751	0	0
European Union	487	506	379	0
Other	313	387	11	0
Total revenue	14,580	13,831	390	0

The board also monitors capitalized development costs by product segment.

(in thousands of euros)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Textmagic SMS-platform	2,394	1,540
Voog.com platform	257	0
Total capitalized development costs – continuing operations	2,651	1,540
Total capitalized development costs – discontinued operations	3,129	2,696
Total capitalized development costs	5,780	4,236

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, 2023, held 88,6% (December 31, 2022: 86,8%) on TextMagic AS shares.

Shares of management and supervisory board

As of December 31, 2023, 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) – 7,530,783

Kärtu Vaikmaa (representative of Merkatiko OÜ) – 312,100

Eduard Tark (Edly OÜ representative) – 253,373

Transactions with key management personnel

The salary expense recognized to the members of management and supervisory board for January 1, 2023, to December 31, 2023, was in total of €423 thousand (January 1, 2022, to December 31, 2022: €451 thousand).

As of December 31, 2023, the Group has option agreements with the members of the management board and the supervisory board for a total of 176,000 shares (December 31, 2022: 186,000), including Kärtu Vaikmaa (representative of Merkatiko OÜ) 88,000 (2022: 88,000), Eduard Tark (representative of Edly OÜ) 88,000 (2022: 88,000) share options.

(in thousands of euros)	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
<i>Management and supervisory board</i>		
Salary expenses	(423)	(451)

Other related party transactions

Transactions of shareholders with a controlling interest

(in thousands of euros)	Transaction values for the year ended		Balance outstanding at			
	31.12.2023	31.12.2022	31.12.2023		31.12.2022	
			Receivables	Payables	Receivables	Payables
Other transactions	0	29	1	0	1	2,213
Total	0	29	1	0	1	2,213

Transactions of supervisory board and companies under their controlling interest

(in thousands of euros)	Transaction values for the year ended		Balance outstanding at			
	31.12.2023	31.12.2022	31.12.2023		31.12.2022	
			Receivables	Payables	Receivables	Payables
Purchase of development services	0	52	0	0	0	0
Other	0	0	0	0	0	0
Total	0	52	0	0	0	0

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, 2023.

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

