



**2025 CONSOLIDATED  
ANNUAL REPORT**

(Translation of the Estonian original)

## GENERAL INFORMATION

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

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

Business name:	TextMagic AS
Main activity:	B2B Software Development and Management
Commercial registry code:	16211377
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E-mail:	investor@textmagic.biz
Website:	<a href="https://www.textmagic.com/">https://www.textmagic.com/</a>
Reporting period:	From January 1, 2025 to December 31, 2025
Auditor:	KPMG Baltics OÜ

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### TextMagic Group

2025

### Textmagic

a multichannel business communication platform for efficient and compliant SMS and email interactions with automated workflows.

### Touchpoint by Textmagic

an AI-powered tool for easily creating professional and visually high-quality newsletters and marketing campaigns.

**€13.55M**

Revenue

2024: €14.53M

**€4.90M**

EBITDA

2024: €5.94M

**€4.09M**

Operating Cash Flows

2024: €5.76M

### Textmagic business communication platform

**261.93M**

Sent SMS

2024: 249.23M

**23,922**

Active users

2024: 26 431

**€2.01M**

Development costs

2024: €3.54M

#### Revenue distribution

-  **60%** USA & Canada
-  **27%** United Kingdom
-  **7%** Australia
-  **4%** European Union
-  **2%** Other

## 2025 MANAGEMENT REPORT

### Business results

In 2025, the TextMagic Group was characterised by strategic decisions aimed at improving future performance and operational efficiency. Structural changes were initiated during the year, including the sale of a business line and starting the liquidation of a subsidiary, also optimizing development activities and the cost base.

In 2025, TextMagic Group generated revenue of €13,549 thousand, representing a 7% decrease compared to 2024 (2024: €14,533 thousand). The decline in revenue was significantly affected by the unfavourable exchange rates of the US dollar and the British pound. If exchange rates had remained at the 2024 level, revenue in 2025 would have totalled €14,015 thousand, representing a decrease of 4%.

The Group recorded an operating loss of €611 thousand (2024: operating profit of €1,844 thousand). The loss was mainly due to an increase in depreciation and amortization expense and impairment of assets of €1,418 thousand to €5,513 thousand (2024: €4,095 thousand), which had no cash impact during the reporting period.

Management primarily assesses the Group's performance based on EBITDA and its ability to generate operating cash flow. EBITDA amounted to €4,902 thousand (2024: €5,939 thousand), with an EBITDA margin of 36% (2024: 41%).

Cash flow from operating activities from continuing operations amounted to €4,085 thousand (2024: €5,761 thousand), confirming that the TextMagic Group's business continues to generate strong cash flows, enabling both investments and distributions to investors.

In the third quarter, upon the proposal of the Management Board, the shareholders resolved to distribute dividends in the total amount of €1,292 thousand (€0.15 per share). The dividend payment was made in October.



Edicy OÜ, which operates the Voog website and e-commerce platform as well as the Edicy campaign page creation tool, was sold in September 2025 and is presented in this report as a discontinued operation.

In November, management decided to cease the operations of the Romanian subsidiary TM Marketing Ops SRL, which operated as the Group's marketing unit. Going forward, the Group's marketing activities will be carried out from the Estonian headquarters. The decision aimed to reduce the administrative and operational costs of a separate legal entity and to improve the efficiency and effectiveness of marketing activities.

In 2025, a strategic decision was made to reduce the scale of development activities and the size of the development team. The Textmagic business communication platform has been significantly developed in recent years. The next focus will be on making improvements based on customer feedback to ensure a reliable platform and improved user experience. The objective for the coming periods is to place greater emphasis on marketing the value created and to more effectively highlight existing functionalities in the market.

## Product development

The purpose of the Textmagic software is to provide a multichannel business communication platform that enables companies to consolidate various customer interactions into one environment and shared inbox, automate business communications, save time, and reduce the administrative workload.

Textmagic's vision is to be a trusted partner for compliant and efficient business communication. We support operational and permission-based business messaging to accelerate information exchange and simplify daily business processes. Ensuring security means not only protecting data, but also preventing and blocking spam and fraud.



In the first quarter of 2025, new communication channels were added to the Textmagic platform, including Business Instagram and Facebook Messenger, enabling users to manage various customer inquiries and interactions within a single environment.

In June, email campaign functionality was launched to provide customers with a more comprehensive solution for marketing and customer communications alongside SMS.

In December, automation functionality was introduced to the Textmagic platform, enabling the creation of automated messaging workflows. This allows messages to be delivered at the right time, saves time, and increases customer engagement. The new solution enables the sending of predefined campaigns and notifications via SMS and email. Automated communication is triggered based on customer responses and actions. The objective of this development is to enhance the efficiency of Textmagic customers' business communications by enabling advance planning and automation of activities, resulting in significant time savings.

In the fourth quarter, Touchpoint.com was launched - a platform that uses artificial intelligence to create professional and high-quality email designs. Touchpoint enables users to quickly create personalized newsletters and design them through simple prompts in line with their brand style. The platform has been developed as a standalone product to serve a broad customer base, while also providing value to Textmagic platform customers by helping them create visually appealing campaigns.

## FINANCIAL RESULTS

### Textmagic platform's revenue and business volumes

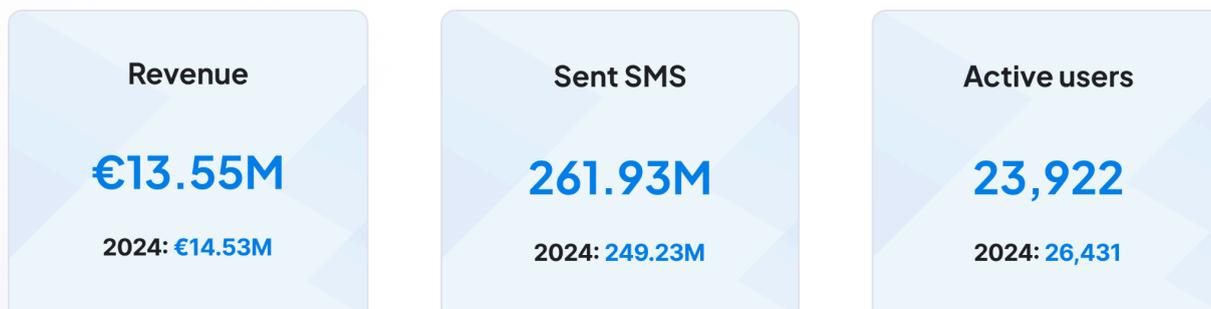
The consolidated revenue of the Textmagic business communication platform for the 12 months of 2025 decreased by 7% compared to the previous year and amounted to a total of €13,549 thousand (12 months 2024: €14,533 thousand). If exchange rates had remained at the 2024 level, revenue in 2025 would have totalled €14,015 thousand, representing a decrease of 4%.



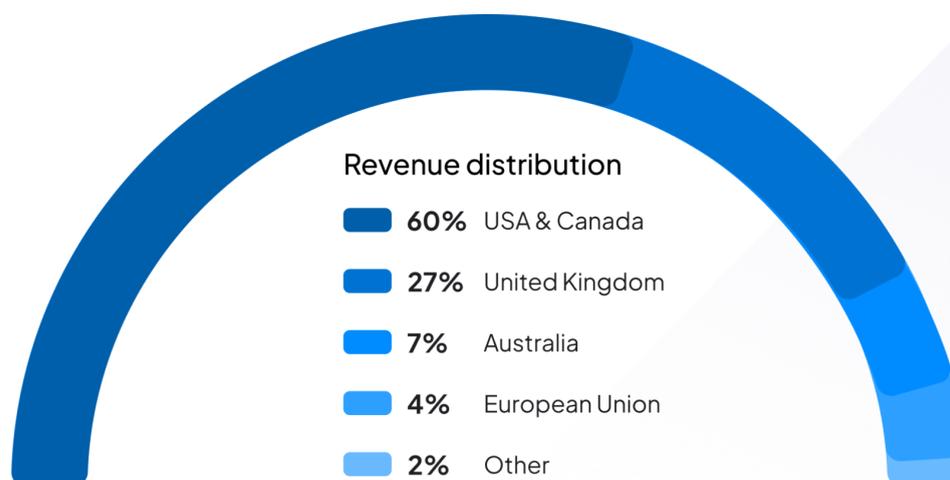
In 2025, revenue was negatively affected by more competitive pricing packages introduced to strengthen competitiveness, as well as by fluctuations in the exchange rates of the US dollar and the British pound. Sales performance improved gradually over the year, and excluding the impact of exchange rates, revenue increased by approximately 5% in the fourth quarter, indicating stabilisation of operations and a positive trend in the second half of the year.

A positive indicator for sales performance is the growth in platform usage volumes, reflected in an increase in the number of SMS messages sent. In 2025, a total of 261,931 thousand messages were sent via the Textmagic platform, representing a 5% increase compared to 2024. In the fourth quarter, usage volumes were 14% higher compared to the same period of the previous year. The increase in usage volumes, together with improved customer satisfaction metrics, indicates that the platform's development direction aligns with user expectations.

The main reason for the decline in the number of active users continued to be regulatory changes in the United States restricting the sending of unregistered campaigns. While these regulations have affected user numbers, in the longer term they support market strengthening and improvements in the quality of SMS marketing by reducing spam and fraudulent messages and increasing trust. By year-end, stabilisation in the number of active users was observed.



Geographically, developments varied: during 2025, the number of active users increased in the United Kingdom, remained stable in Australia, and continued to adjust to the regulatory environment in the US market.



The distribution of Textmagic platform revenue is similar to the previous year, with the main markets — the US, Canada and the United Kingdom — continuing to account for nearly 90% of total revenue. The US and Canadian markets together accounted for 60% of revenue (2024: 64%). The share of revenue from the United Kingdom increased to 27% (2024: 25%). Australia accounted for 7% of revenue (2024: 6%), while the European Union represented 4% (2024: 3%). All other regions accounted for the remaining 2% of revenue (2024: 3%).

Textmagic platform usage volumes continue to be influenced by seasonality, with higher activity periods from March to May and from September to November, while lower usage levels occur during holiday and vacation periods.

### Direct costs

In 2025, the direct costs of sold services in continuing business segments amounted to €4,888 thousand, representing 36% of revenue (2024: €4,687 thousand; 32%). Direct costs increased due to higher input prices, and the direct cost ratio also rose as a result of more favorably priced Textmagic platform packages.

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

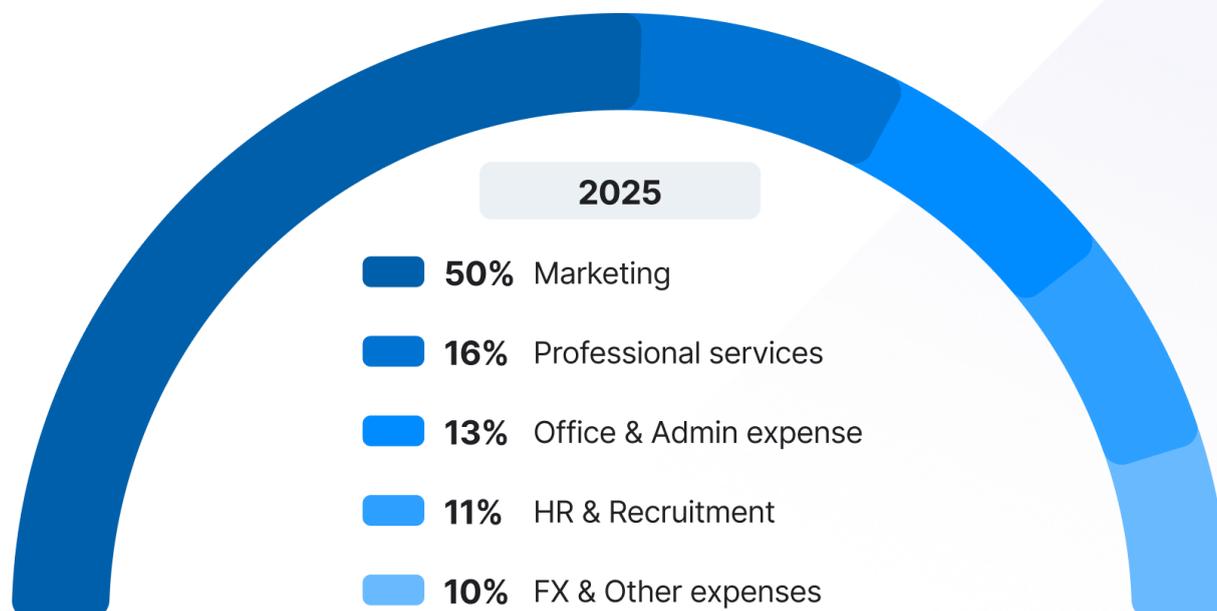
Our team consists of both employees and contractors, all of whom we consider integral members of our team. A significant portion of personnel expenses relates to the development team. In the first quarter of 2025, the pace of development slowed, and during the year a strategic decision was made to optimize development activities and improve cost efficiency.

During 2025, both the development and marketing teams were reduced. As at 31 December 2025, the Textmagic team consisted of 43 people (31 December 2024: 79). A substantial part of the headcount reduction took place at the end of the year; therefore, the full impact of personnel cost savings will be effective in the following period.

Personnel expenses from continuing operations amounted to €4,496 thousand in 2025 (2024: €6,077 thousand). Of this, 45%, totalling €2,006 thousand (2024: 63%; €3,816 thousand), was capitalised as it relates directly to the development of software products. Personnel expenses also include the non-cash impact of three-year option agreements in the amount of €109 thousand (2024: €539 thousand).

## Other operating expenses

Operating expenses in continuing operations decreased by 22% to €1,389 thousand (2024: €1,780 thousand).



Of the operating expenses of continuing operations, 50% consisted of marketing expenses, which amounted to €691 thousand in 2025 (2024: €837 thousand; 47%). These expenses include various advertising costs, social media expenses, marketing consultancy fees, as well as costs of tools and software.

Professional services include legal, accounting, audit and other professional advisory services. In 2025, these expenses in continuing operations totalled €217 thousand, representing 16% of operating expenses (2024: €444 thousand; 25%). The higher expense in the comparative period was mainly related to one-off costs to ensure regulatory compliance and increased audit fees resulting from expanded reporting obligations of subsidiaries.

Recruitment and personnel-related expenses in continuing operations decreased compared to 2024 and amounted to €152 thousand (2024: €161 thousand), reflecting the reduction in team size.

Office and administrative expenses in continuing operations decreased by 40% and totalled €183 thousand (2024: €304 thousand).

Foreign exchange losses and other expenses in continuing operations increased to €145 thousand (2024: €34 thousand), due to volatile exchange rates.

## Profitability

Gross profit, defined as revenue less direct costs, amounted to €8,661 thousand in 2025 (2024: €9,846 thousand). Gross profit declined due to lower revenue resulting from unfavourable exchange rates and more favorable customer pricing, as well as an increase in direct costs driven by higher input prices.

The operating loss for 2025 amounted to €611 thousand (2024: operating profit of €1,844 thousand), decreasing compared to 2024 mainly due to higher amortisation of intangible assets. The increase in amortisation of €1,418 thousand was attributable to the growth in capitalised development costs in recent years. The increase in direct costs and the decline in revenue also contributed to the result.



EBITDA, which eliminates the impact of depreciation and amortisation, amounted to €4,902 thousand in 2025, decreasing by €1,037 thousand compared to 2024 (2024: €5,939 thousand). The EBITDA margin was 36% (2024: 41%), confirming that the company's operating cash flow remains strong.

As a result of the discontinued operation, the net loss for 2025 amounted to €1,950 thousand (2024: net profit of €2,053 thousand).

The business environment in the industry in which the TextMagic Group operates during 2025 has been characterised by strong competitive pressure and increasing margin pressure, which has led even the leading companies in the sector to place greater emphasis on profitability and operational efficiency. The market is being shaped by the rapid development of artificial intelligence and the shift from traditionally SMS-based communication towards multi-channel solutions. In addition, the messaging market has been affected by the tightening of regulations related to security, fraud prevention and data protection, which has increased compliance costs and created additional pressure on margins. These developments also affect the business activities of the TextMagic Group, and the Group has taken steps to improve operational efficiency and increase profitability in the coming periods.

## Cash flows

As of December 31, 2025, the TextMagic Group had a cash balance of €3,914 thousand (December 31, 2024: €3,432 thousand).

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

The Group's cash flow from operating activities of continuing operations in 2025 amounted to €4,085 thousand (2024: €5,761 thousand).

The cash flow from investing activities of continuing operations was mainly composed of the expenditure on intangible assets of €2,402 thousand (2024: €3,540 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 €1,292 thousand was made in October 2025 (2024: €5,015 thousand), to which income tax expense of €363 thousand was added (2024: €0 thousand).

## Financial ratios

	2025	2024
<b>Revenue</b> (in thousands of euros)	13,549	14,533
<b>EBITDA</b> (in thousands of euros)	4,902	5,939
<b>EBITDA margin</b> (EBITDA / revenue)	36.2%	40.9%
<b>EBIT</b> (in thousands of euros)	(611)	1,844
<b>EBIT margin</b> (EBIT / revenue)	(4.5%)	12.7%
<b>Net Profit (loss) for the period</b> (in thousands of euros)	(1,950)	2,053
<b>Net Profit (loss) margin</b> (Profit for the period / revenue)	(14.4%)	14.1%
<b>Total Assets at the end of the period</b> (in thousands of euros)	32,812	37,172
<b>Equity at the end of the period</b> (in thousands of euros)	30,488	33,520
<b>Liquidity ratio</b> (Current assets / Current liabilities)	1.98	1.08
<b>Debt-To-Equity ratio</b> (Total liabilities / Equity)	0.08	0.11
<b>Assets-to-Equity ratio</b> (Total assets / Equity)	1.08	1.11

## GROUP'S OBJECTIVES FOR 2026

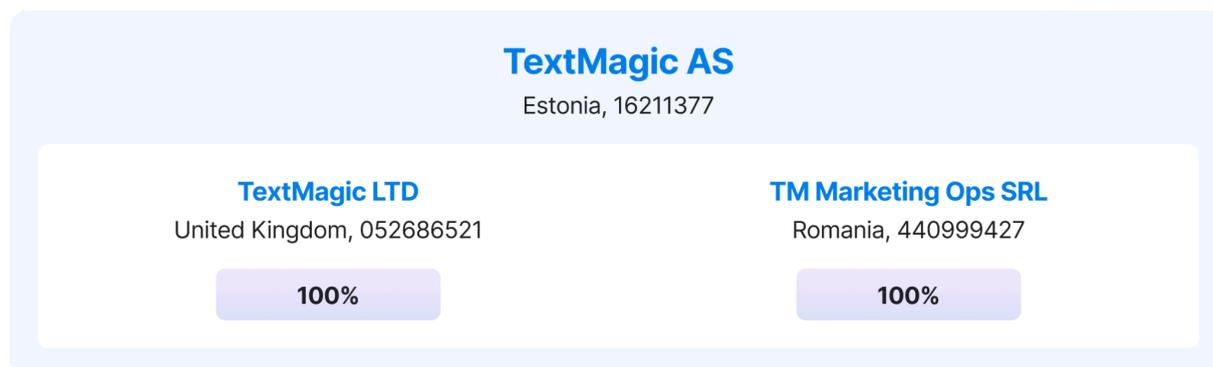
In 2026, the priority is to improve cash flow and increase profitability, building on the existing product value proposition and focusing on revenue growth and cost efficiency.

In 2026, a key focus is the transformation of the TextMagic platform's marketing strategy and its consistent execution. Marketing messages and platform positioning will be changed and refreshed, placing stronger emphasis on operational messaging and consent-based business communication. The core value drivers are time savings, workflow efficiency, and ensuring regulatory compliance. The objective is to more clearly address priority customer segments, improve marketing performance, and strengthen the platform's visibility and competitiveness. Enhancing user experience and applying a data-driven decision-making approach will play an important role in increasing the effectiveness of marketing activities and supporting customer satisfaction.

Textmagic's mission is to be a reliable software solution that helps companies reach their customers, target groups, and partners in a fast, effective, and secure way.

## 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, 2025, the Group had two 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.

In November 2025, the management of TextMagic AS resolved to discontinue the operations of TM Marketing Ops SRL. The liquidation will take place during 2026.

Edicy OÜ was sold in September 2025, and the related operations are presented in this report as a discontinued operation.

## THE GROUP'S PRODUCT PORTFOLIO

### Textmagic

Textmagic is a comprehensive B2B business communication software solution that helps businesses manage and automate business interactions across multiple channels. The platform enables two-way messaging, order confirmations, reminders, notifications and marketing campaigns. In addition, Textmagic supports two-factor authentication and improves the efficiency of customer support and sales teams. The platform now also includes email communication, automated messaging workflows and a shared inbox solution, enabling teams to collaboratively manage customer inquiries.

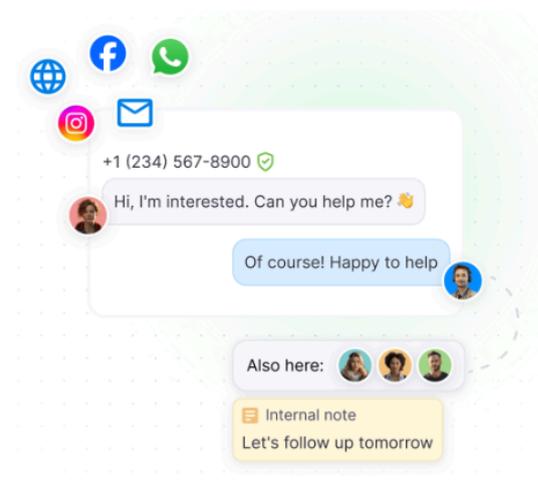


The shared inbox solution enables company teams to manage all customer inquiries collaboratively within a single environment, regardless of the communication channel. It ensures greater transparency, clear accountability and faster response times, as conversations are not tied to an individual employee's personal inbox or phone number. The system allows conversations to be routed, assigned to responsible team members, and stored with a unified communication history, thereby improving both customer experience and internal workflow.

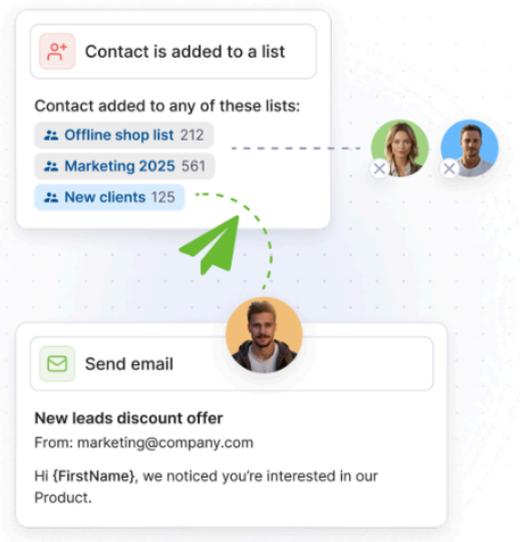
### Your whole team, **one inbox**

Reach more people from one platform. SMS via 10DLC or toll-free numbers. Email with full compliance built in.

- ✓ **Two-way conversations**  
Customers reply. Messages appear in one shared inbox.
- ✓ **Multi-channel inbox**  
SMS, email, WhatsApp, Facebook, Instagram, and more.
- ✓ **Fully compliant from day one**  
Email & SMS verification, list clean-up, opt-out management.
- ✓ **Team collaboration tools**  
Assign conversations. Add notes. See everything.



The Automations functionality enables the creation of automated messaging flows and workflows that are triggered by customer actions or predefined conditions. It helps businesses deliver timely notifications, reminders and marketing messages without manual intervention, reducing time spent and human error. Automation supports consistent customer communication, increases engagement, and allows companies to scale their communications without an increase in labour costs.



## Build once, run forever

See how your automation actually works. Build it visually, let it run 24/7.

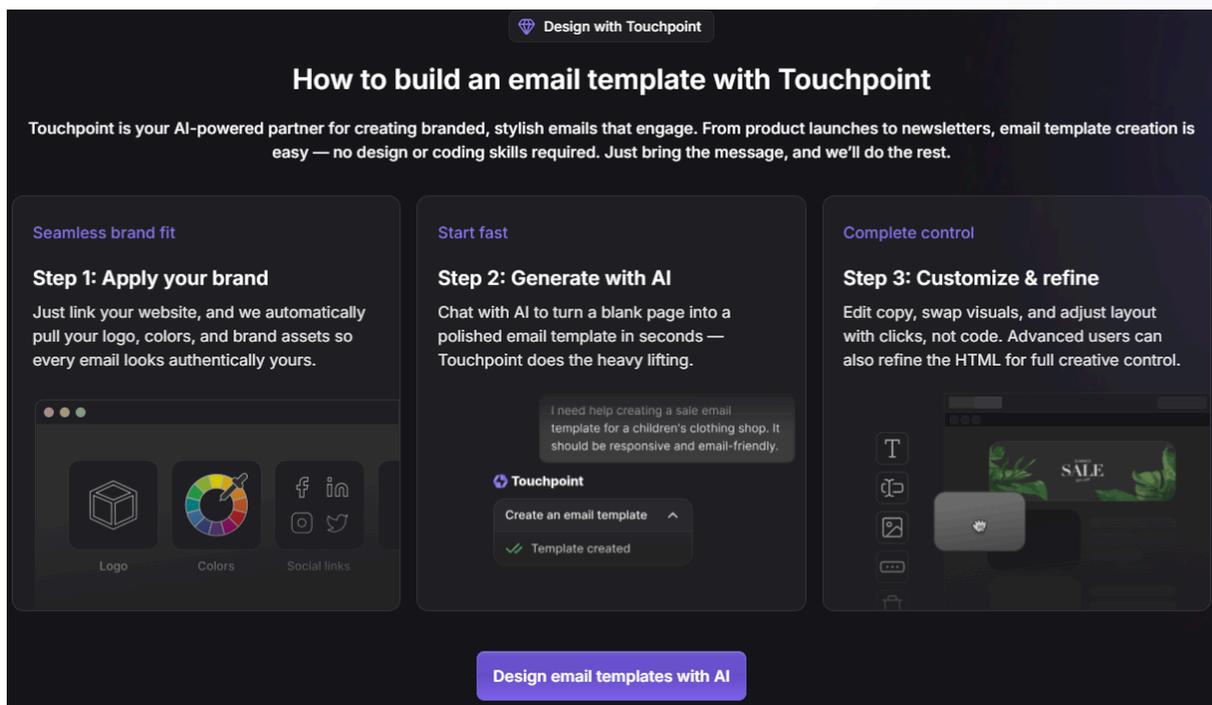
- ✓ **Intuitive drag-and-drop builder**  
Build workflows easily – no coding needed.
- ✓ **Flexible triggers**  
Start flows from events, dates, or actions.
- ✓ **Smart timing & scheduling**  
Add delays or schedules to send at the right moment.
- ✓ **Recurring workflows**  
Emails resend to non-openers. Reminders repeat.

The objective of the Textmagic business communication software is to develop the product into a multichannel business communication platform that enables companies to consolidate customer interactions via SMS, email and social media channels into a single environment and manage them more efficiently, including through automated workflows.

## Touchpoint

Touchpoint.com is an artificial intelligence-based email creation and design platform that enables the rapid development of professional and visually high-quality marketing and newsletter campaigns. The platform is targeted at small and medium-sized businesses, marketing teams and agencies seeking to accelerate campaign creation while ensuring consistently professional results without dedicated design resources.

The objective of the Touchpoint software is to make professional email marketing accessible to every business, regardless of size or technical expertise, enabling companies to create more personalized, effective and meaningful customer communication.



The screenshot displays the Touchpoint website interface with the following content:

- Header:** "Design with Touchpoint" (with a diamond icon)
- Section Title:** "How to build an email template with Touchpoint"
- Introductory Text:** "Touchpoint is your AI-powered partner for creating branded, stylish emails that engage. From product launches to newsletters, email template creation is easy — no design or coding skills required. Just bring the message, and we'll do the rest."
- Three Main Steps:**
  - Step 1: Seamless brand fit**
    - Step 1: Apply your brand**
    - Text: "Just link your website, and we automatically pull your logo, colors, and brand assets so every email looks authentically yours."
    - Visuals: Three icons labeled "Logo", "Colors", and "Social links".
  - Step 2: Start fast**
    - Step 2: Generate with AI**
    - Text: "Chat with AI to turn a blank page into a polished email template in seconds — Touchpoint does the heavy lifting."
    - Visuals: A chat interface showing a user prompt: "I need help creating a sale email template for a children's clothing shop. It should be responsive and email-friendly." and a response from Touchpoint: "Create an email template" and "Template created".
  - Step 3: Complete control**
    - Step 3: Customize & refine**
    - Text: "Edit copy, swap visuals, and adjust layout with clicks, not code. Advanced users can also refine the HTML for full creative control."
    - Visuals: A preview of an email template with a "SALE" banner and various editing tools (text, image, layout, etc.) overlaid.
- Bottom CTA:** "Design email templates with AI" (in a purple button)

## 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, 2025, the management board of TextMagic AS consisted of one member, Mr. Priit Vaikmaa. On January 7, 2026, the supervisory board of TextMagic AS appointed the financial manager Getter Grünmann as a second member of the management board. As a member of the management board, Getter Grünmann is responsible for the financial management of TextMagic AS. The Group's extended management team also includes administrative manager Kärtu Vaikmaa.

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 2025 or 2024.

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, 2025, 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.

TextMagic Group is also exposed to operational risks specific to its activities. Regulations related to messaging services may become stricter and expand to new regions. The Group operates in a highly competitive communications platform market, and the functioning of its services depends partly on cooperation with partners, including telecommunications operators, cloud service providers, and other technology partners.

## **SUSTAINABILITY**

Sustainable and responsible operations are an integral part of the TextMagic Group's long-term value creation. In our governance and day-to-day decision-making, we consider environmental impact, employee well-being, and thoughtful and responsible management practices to support stable development and trustworthy relationships with customers, employees and partners. This approach helps maintain competitiveness and enables balanced decision-making in a changing business environment.

Our objective is to develop an operating model that supports long-term sustainability, clear areas of responsibility and prudent use of resources, integrating these principles into the company's processes and management practices.

### **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 have moved 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 and work-life balance are integral parts of a healthy work environment. We support the well-being of our employees by offering reimbursement for sports and health expenses, encouraging reasonable working hours, and respecting personal time. Work-life balance is a critical component of our employee well-being strategy. We want to help our employees cope with stress and are consciously working to create a balanced and caring work environment.

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

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

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

Respect for cultural diversity is promoted throughout the organization. This includes recognizing different cultural events and holidays and encouraging compliance with local norms and rules when employees travel. Diversity also extends to our leadership team.

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 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, 2025, 8,610,000 shares have been issued with a nominal value of €0.1 per share, resulting in a share capital of €861,000. (31.12.2024: 8,500,000 shares; share capital €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.

In 2025, TextMagic AS received recognition at the Nasdaq Baltic Awards, achieving 2nd place in the First North share list for best investor relations.



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	2025	2024
Average price	2.67	4.14
Maximum price	4.00	6.66
Minimum price	1.65	3.30
Closing price at December 31	1.72	3.78
Number of shares at December 31	8,610,000	8,500,000
Number of shareholders at December 31	5,634	6,215
Trading Volume	150,125	116,293
Earnings per share (EPS) (Profit / number of shares)	(0.23)	0.24
Price to Sales ratio (P/S)	1.09	2.21

## 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 May 2024, the shareholders resolved, through a bonus issue and a reduction of share capital, to make a distribution from equity in the amount of €5,015 thousand, corresponding to €0.59 per share. The payment was made in December 2024.

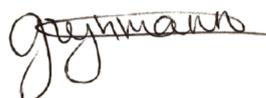
In September 2025, the shareholders resolved to distribute dividends in the amount of €1,292 thousand, corresponding to €0.15 per share. The payment was made in October 2025.

Since the initial public offering (IPO), TextMagic AS has distributed a total of €8,857 thousand to shareholders, corresponding to €1.04 per share.

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. The 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



Getter Grünmann  
CFO, TextMagic AS

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	Note	31.12. 2025	31.12. 2024
<b>Non-current assets</b>			
Property, plant and equipment	8	329	581
Intangible assets and goodwill	9	28,165	32,972
<b>Total non-current assets</b>		<b>28,494</b>	<b>33,553</b>
<b>Current assets</b>			
Trade and other receivables		281	22
Prepayments		123	165
Cash and cash equivalents	7	3,914	3,432
<b>Total current assets</b>		<b>4,318</b>	<b>3,619</b>
<b>TOTAL ASSETS</b>		<b>32,812</b>	<b>37,172</b>
<b>Current Liabilities</b>			
Current tax liabilities	13	173	270
Trade and other payables	12	666	913
Lease liabilities	14	106	107
Contract liabilities	17	1,235	1,669
Other provisions	15	0	384
<b>Total current liabilities</b>		<b>2,180</b>	<b>3,343</b>
<b>Long-Term Liabilities</b>			
Lease liabilities	14	144	309
<b>Total long-term liabilities</b>		<b>144</b>	<b>309</b>
<b>Total liabilities</b>		<b>2,324</b>	<b>3,652</b>
<b>Equity</b>			
Share capital	11	861	850
Share premium	11	141	141
Reserve capital	11	85	85
Voluntary reserve	11	27,710	27,710
Other reserve	11	398	1,235
Foreign currency translation reserve		16	(35)
Retained earnings		3,227	1,481
Reporting period profit/loss		(1,950)	2,053
<b>Equity attributable to owners of the parent</b>		<b>30,488</b>	<b>33,520</b>
<b>Total equity</b>		<b>30,488</b>	<b>33,520</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,812</b>	<b>37,172</b>

The Notes presented on pages 25 to 63 form an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	Note	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Revenue	17	13,549	14,533
Other income		144	144
Goods, raw materials and services	18	(4,888)	(4,687)
Other operating expenses	19	(1,389)	(1,780)
Work performed by the entity and capitalized		2,006	3,816
Employee expenses	20	(4,496)	(6,077)
Depreciation, amortization and impairment of non-current assets	8, 9	(5,513)	(4,095)
Other expenses		(24)	(10)
<b>Operating profit (loss)</b>		<b>(611)</b>	<b>1,844</b>
Discontinued Operations	21	(1,055)	(48)
Financial Income		89	265
<b>Profit (loss) before tax</b>		<b>(1,577)</b>	<b>2,061</b>
Income tax	13	(373)	(8)
<b>Profit (loss) for the period</b>		<b>(1,950)</b>	<b>2,053</b>
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		51	(14)
<b>Other comprehensive income for the period, net of tax</b>		<b>51</b>	<b>(14)</b>
<b>Total comprehensive income for the period</b>		<b>(1,899)</b>	<b>2,039</b>

The Notes presented on pages 25 to 63 form an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
<b>Cash flows from operating activities</b>			
<b>Profit (loss) for the period - continuing operations</b>		<b>(896)</b>	<b>2,101</b>
<i>Adjustments for:</i>			
Depreciation and amortization	8, 9	5,513	4,095
Financial Income		(89)	(265)
Income tax on dividends		363	0
Other adjustments		90	323
<b>Total adjustments</b>		<b>5,877</b>	<b>4,153</b>
Changes in trade and other receivables		(281)	(1)
Changes in contract liabilities		(35)	10
Changes in prepayments		41	66
Changes in trade and other payables		(621)	(568)
<b>Cash flows from operating activities – continuing operations</b>		<b>4,085</b>	<b>5,761</b>
Cash flows from operating activities – discontinued operations		138	199
<b>Cash flows from operating activities</b>		<b>4,223</b>	<b>5,960</b>
<b>Cash flows from investing activities</b>			
Cash flows from the sale of a subsidiary		520	0
Interest received		89	258
Fixed-term deposits		0	2,500
Acquisition of property, plant and equipment	8	(23)	(119)
Development expenditure	9	(2,402)	(3,540)
<b>Cash flows used in investing activities – continuing operations</b>		<b>(1,816)</b>	<b>(901)</b>
Cash flows used in investing activities – discontinued operations		(145)	(443)
<b>Cash flows used in investing activities</b>		<b>(1,961)</b>	<b>(1,344)</b>
<b>Cash flows from financing activities</b>			
Lease liability principal repayments	14	(113)	(49)
Share issue		11	0
Income tax on dividends		(363)	0
Payouts to shareholders		(1,292)	(5,015)
<b>Cash flows from financing activities – continuing operations</b>		<b>(1,757)</b>	<b>(5,064)</b>
Cash flows from financing activities – discontinued operations		(13)	(6)
<b>Cash flows from financing activities</b>		<b>(1,770)</b>	<b>(5,070)</b>
<b>TOTAL CASH FLOWS</b>		<b>492</b>	<b>(454)</b>
Cash and cash equivalents at the beginning		3,432	3,900
Effect of movements in exchange rates on cash held		(10)	(14)
<b>Cash and cash equivalents at the end</b>		<b>3,914</b>	<b>3,432</b>

The Notes presented on pages 25 to 63 form an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Total equity attributable to owners of TextMagic AS							
	Share Capital	Share premium	Reserve capital	Voluntary reserve	Other reserve	FX translation reserve	Retained earnings	Total equity
<b>Balance at December 31, 2023</b>	<b>850</b>	<b>51,242</b>	<b>85</b>	<b>0</b>	<b>2,035</b>	<b>(21)</b>	<b>(18,376)</b>	<b>35,815</b>
Profit for the period	0	0	0	0	0	0	2,053	<b>2,053</b>
Other comprehensive income for the period	0	0	0	0	0	(14)	0	<b>(14)</b>
Covering loss	0	(18,376)	0	0	0	0	18,376	<b>0</b>
Transactions with shareholders	0	(5,015)	0	0	0	0	0	<b>(5,015)</b>
Other changes in equity	0	(27,710)	0	27,710	(800)	0	1,481	<b>681</b>
<b>Balance at December 31, 2024</b>	<b>850</b>	<b>141</b>	<b>85</b>	<b>27,710</b>	<b>1,235</b>	<b>(35)</b>	<b>3,534</b>	<b>33,520</b>
Profit for the period	0	0	0	0	0	0	(1,950)	<b>(1,950)</b>
Other comprehensive income for the period	0	0	0	0	0	51	0	<b>51</b>
Transactions with shareholders	11	0	0	0	0	0	(1,292)	<b>(1,281)</b>
Other changes in equity	0	0	0	0	(837)	0	985	<b>148</b>
<b>Balance at December 31, 2025</b>	<b>861</b>	<b>141</b>	<b>85</b>	<b>27 710</b>	<b>398</b>	<b>16</b>	<b>1,277</b>	<b>30,488</b>

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

*The Notes presented on pages 25 to 63 form an integral part of the consolidated financial statements.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. GENERAL INFORMATION

TextMagic AS (hereinafter also referred to as the Parent Company or the Company) is a company incorporated in the Republic of Estonia on April 21, 2021. The registered address of the Company is A. H. Tammsaare 56, 11316 Tallinn, Republic of Estonia. The consolidated financial statements of TextMagic AS for the year ended December 31, 2025 include the Parent Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The Group's principal activity is the management and development of software products.

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

The management board authorized the consolidated financial statements for issue on March 13, 2026. Under the Estonian Commercial Code, the annual report must also be approved by the supervisory board and the shareholders. The Shareholders may decide not to approve the annual report prepared by the Management Board and approved by the Supervisory Board and may demand the preparation of a new annual report.

### NOTE 2. BASIS OF ACCOUNTING

The Group's consolidated financial statements as at and for the year ended December 31, 2025, have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS).

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

### NOTE 3. FUNCTIONAL AND PRESENTATION CURRENCY

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

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

## NOTE 4. CHANGES IN ESTIMATES AND PRESENTATION

### Changes in presentation

As a result of the sale of Edicy OÜ and the discontinuation of the related operations, the activities of Edicy OÜ and the platforms managed by it are presented as discontinued operations in accordance with IFRS. Further information is disclosed in Note 21.

(in thousands euros)	01.01.2024 - 31.12.2024 (2024 report)	Change	01.01.2024 - 31.12.2024 (2025 report)
Revenue	15,175	(642)	14,533
Other income	175	(31)	144
Goods, raw materials and services	(4,764)	77	(4,687)
Other operating expenses	(1,887)	107	(1,780)
Work performed by the entity and capitalized	4,327	(511)	3,816
Employee expenses	(6,871)	794	(6,077)
Depreciation, amortization and impairment of non-current assets	(4,342)	247	(4,095)
Financial income	258	7	265
Discontinued operations	0	(48)	(48)

## **NOTE 5. USE OF JUDGEMENTS AND ESTIMATES**

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

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

### **Management estimates and judgements**

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

#### **The useful life of an intangible asset**

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

The useful life of the software is estimated to be 5 to 10 years, based on known experience with the work performed and the moral obsolescence of the software components. As of December 31, 2025, the carrying amount of software and incomplete software is €26,337 thousand. If the amortization rate would change by 1%, the amortization expense would change by €263 thousand.

#### **Valuation of property, plant, and equipment and intangible assets**

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As at December 31, 2025, the carrying amount of property, plant and equipment was €329 thousand and the carrying amount of intangible assets was €28,165 thousand (Notes 8 and 9).

Management performed an impairment test of intangible assets based on projected cash flows. In preparing the projections, conservative revenue growth of up to 3.0%, a discount rate (WACC) of 17.4%, and cost savings resulting from management decisions made in 2025 were assumed. Based on these assumptions, management concluded that the recoverable amount of the intangible assets exceeds their carrying amount. The estimate is sensitive to changes in the key assumptions.

#### **Impairment assessment of goodwill**

The Group assesses at least once a year the possible decrease in the carrying amount of goodwill arising on the acquisition of a subsidiary. To determine the value in use, management has estimated the future cash flows of the cash-generating units and selected an appropriate discount rate to determine the present value of the cash flows. The carrying amount of goodwill as of December 31, 2025, was €208 thousand. As a result of the goodwill tests performed in 2025 no need for goodwill impairment was identified (Note 9).

## Measurement of fair values

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the Notes 6 and 7.

## **NOTE 6. ACCOUNTING POLICIES**

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

### **Basis of consolidation**

#### **Business combinations**

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

#### **Subsidiaries**

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

#### **Separate financial statements of the Parent Company**

Pursuant to the Estonian Accounting Act, the Parent Company's unconsolidated financial statements (statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity) are presented in the notes to the consolidated financial statements. The unconsolidated primary financial statements of AS TextMagic are presented in Note 23 "Financial information on the parent company of the group". These financial statements have been prepared using the same accounting policies and measurement bases as the consolidated financial statements, except for investments in subsidiaries, which are stated at cost in the Parent Company's separate financial statements.

### **Cash and cash equivalents**

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

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

### **Functional and presentation currency**

#### **Foreign currency transactions**

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate

at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

### Foreign operations

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

- The assets and liabilities of all foreign operations are translated at the exchange rate of the European Central Bank at the balance sheet date;
- Income and expenses are translated at the average exchange rates of the period;
- Foreign currency differences arising from conversion are recognized in OCI and accumulated in equity under "Unrealized foreign currency differences".

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

## Financial assets and liabilities

### Recognition and initial measurement

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

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

### Classification, subsequent measurement and gains and losses

#### Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

### **Derecognition**

#### **Financial assets**

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

#### **Financial liabilities**

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

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

### **Impairment of financial assets**

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

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

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

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

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

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

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

## Property, plant and equipment

### Recognition and measurement

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

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

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

### Subsequent expenditure

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

### Depreciation

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

Asset classes are assigned the following annual depreciation rates:

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

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

## Intangible assets and goodwill

### Recognition and measurement

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

### Subsequent expenditure

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

### Amortization

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

Asset classes are assigned the following annual depreciation rates:

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

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

## Discontinued operations

An operating segment is presented as a discontinued operation when it represents a separate major line of business or geographical area of operations. This requires that the related operations and cash flows can be clearly distinguished, both operationally and for financial reporting purposes, from the rest of the entity's activities.

The result of discontinued operations is presented separately in the statement of profit or loss under the line item "Discontinued operations". Cash flows related to discontinued operations are presented separately in the statement of cash flows, and additional information is disclosed in the notes.

## Leases

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

### The group as a lessee

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

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

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

## Financial investments

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

### Shares in subsidiaries and associates

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

## Employee benefits

### Current employee benefits

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

### Termination benefits

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

## Share-based payments

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

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

## Revenue

### Textmagic platform's revenue

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

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

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

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

### Voog platform's revenue

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

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

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

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

## Statutory capital reserve

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

## Income tax

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

### Current tax

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

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

### Corporate income tax in Estonia

According to the Estonian Income Tax Act, undistributed profits of companies registered in Estonia are not subject to income tax. Income tax is levied on the distribution of profits, including the payment of dividends.

In 2025, the applicable income tax rate was 22% (22/78 of the net amount of dividends distributed).

Income tax related to dividend payments is recognised as an income tax expense in the period when the dividends are declared. The maximum potential income tax liability related to the distribution of dividends is disclosed in Note 16.

### Corporate income tax in United Kingdom

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

### Corporate income tax in Romania

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

## Related parties

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

- owners of the Parent Company;
- other companies belonging to the same Group; and

- members of the Group's management and supervisory boards and shareholders with a significant ownership interest unless those persons cannot exert significant influence on the Group's operating decisions.

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

## Segment reporting

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

The Group operates as a single operating segment. Management evaluates the Group's financial performance and allocates resources at the level of the Group as a whole. Accordingly, the financial statements present one segment and no additional segment information is disclosed.

## Events after the reporting period

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

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

## Adoption of new or revised standards and interpretations

The following amendment to a standard became effective during the reporting period:

### **"Lack of Exchangeability" (Amendments to IAS 21)**

The amendments apply to annual reporting periods beginning on or after 1 January 2025. The amendments clarify how to assess situations in which a currency is not exchangeable and what information should be disclosed in such circumstances. The application of these amendments did not have a material impact on the Group's consolidated financial statements.

### **Amendments to standards**

The following new and amended standards and improvements to standards have been issued but are not yet effective for the reporting period. Earlier application is permitted. The Group has not early adopted any of these new or amended standards and does not expect them to have a material impact on the Group's consolidated financial statements when they become effective.

The relevant amendments include:

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

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

### **More Structured Statement of Profit or Loss**

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

- By nature
- By function
- A combined presentation

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

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

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

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

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

### **Improved Disaggregation of Information**

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

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

### **Other Amendments to Primary Financial Statements**

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

### **Transition Requirements**

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

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

### **Potential Impact on the Financial Statements**

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

## NOTE 7. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### Accounting classifications and fair values

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

(in thousands of euros)	Carrying amount		Fair value	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
<b>Financial assets measured at amortized cost</b>				
Trade and other receivables	280	22	280	22
Receivables from related parties	1	0	1	0
Cash and cash equivalents	3,914	3,432	3,914	3,432
<b>Total financial assets</b>	<b>4,195</b>	<b>3,454</b>	<b>4,195</b>	<b>3,454</b>
<b>Financial liabilities measured at amortized cost</b>				
Trade payables (Note 12)	210	448	210	448
Other payables (Note 12)	456	465	456	465
Other provisions (Note 15)	0	384	0	384
<b>Total financial liabilities</b>	<b>666</b>	<b>1,297</b>	<b>666</b>	<b>1,297</b>

### Financial risk management

#### Credit risk

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

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

### Cash and cash equivalents

As at December 31, 2025, the Group had cash and cash equivalents in the amount of €3,914 thousand (December 31, 2024: €3,432 thousand).

Bank / Service provider	Moody's	Standard & Poor's	31.12.2025	31.12.2024
HSBC UK Bank plc	A1	A+	365	190
ING Bank N.V. Amsterdam Sucursala Bucuresti	Aa3	A+	98	109
LHV Pank AS	A3	-	293	547
Swedbank AS	Aa2	-	0	52
SEB Eesti AS	Aa3	-	0	25
Paypal	A3	-	47	46
Stripe	-	-	219	208
Wise	-	-	2 892	2,252
Other	-	-	0	3

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

### Liquidity risk

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

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

### Exposure to liquidity risk

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

31.12.2025 (in thousands of euros)	Contractual cash flows					Total
	Gross carrying amount	1-3 months	4-12 months	1-5 years	Over 5 years	
Trade payables (Note 12)	210	210	0	0	0	210
Lease liabilities (Note 14)	250	28	78	144	0	250
Other payables (Note 12)	456	456	0	0	0	456
<b>Total</b>	<b>916</b>	<b>694</b>	<b>78</b>	<b>144</b>	<b>0</b>	<b>916</b>

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

### Market risk

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

### Currency risk

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

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

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

Considering the international nature of the business of TextMagic, it is exposed to changes in currency exchange rates. Such changes may have an impact on the financial performance of the TextMagic Group in a negative manner. Foreign currency risk arises from the possible mismatch of the Group's foreign currency assets and liabilities. For other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its exposure to foreign exchange fluctuations is maintained at an acceptable level based on the prevailing conditions.

To achieve this, the Group buys and sells foreign currency at current exchange rates, if necessary, to cope with the negative effects of short-term exchange rate fluctuations. The Group does not use derivative instruments to hedge currency risks.

### Exposure to currency risk

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

(in thousands of euros)	31.12.2025			31.12.2024		
	AUD	GBP	USD	AUD	GBP	USD
Cash and cash equivalents	20	1,886	1,461	30	1,082	1,407
Trade payables	0	(12)	(118)	0	(3)	(334)
Other payables and provisions	(87)	(372)	(792)	(97)	(407)	(1,331)
<b>Net statement of financial position</b>	<b>(67)</b>	<b>1,502</b>	<b>551</b>	<b>(67)</b>	<b>672</b>	<b>(258)</b>

### Sensitivity analysis

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

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

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

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

(in thousands of euros)	EBITDA	
	Strengthening	Weakening
<b>31.12.2025</b>		
GBP (10% movement)	90	(90)
USD (10% movement)	456	(456)
<b>31.12.2024</b>		
GBP (10% movement)	294	(294)
USD (10% movement)	679	(679)

### Interest rate risk

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

There are no interest-bearing loans and borrowings as of December 31, 2025, and also none as of December 31, 2024.

## Capital management

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

The Group monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities less cash and cash equivalents. Equity comprises all components of equity. The Management Board of TextMagic AS decides the company's capital structure and dividend policy. The Group's net debt to equity ratio as of December 31, 2025, was following:

(in thousands of euros)	Note	31.12.2025	31.12.2024
Total liabilities	12, 13, 14, 15	2,324	3,652
Less: cash and cash equivalents		3,914	3,432
<b>Total</b>		<b>(1,590)</b>	<b>220</b>
Total equity		30,488	33,520
<b>Net debt to equity ratio</b>		<b>-5.2%</b>	<b>0.7%</b>

## NOTE 8. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Lease assets	Office equipment	Computer equipment	Other tangible assets	Total
Cost at December 31, 2023	0	17	192	22	<b>231</b>
Accumulated depreciation at December 31, 2023	0	(12)	(97)	(17)	<b>(126)</b>
<b>Carrying amounts at December 31, 2023</b>	<b>0</b>	<b>5</b>	<b>95</b>	<b>5</b>	<b>105</b>
Additions	458	17	5	118	<b>598</b>
Depreciation	(56)	(3)	(53)	(10)	<b>(122)</b>
Cost at December 31, 2024	458	32	189	143	<b>822</b>
Accumulated depreciation at December 31, 2024	(56)	(13)	(142)	(30)	<b>(241)</b>
<b>Carrying amounts at December 31, 2024</b>	<b>402</b>	<b>19</b>	<b>47</b>	<b>113</b>	<b>581</b>
Additions	0	0	19	5	<b>24</b>
Depreciation	(101)	(10)	(33)	(32)	<b>(176)</b>
Discontinued operations	(75)	0	(5)	(20)	<b>(100)</b>
Cost at December 31, 2025	377	29	59	99	<b>564</b>
Accumulated depreciation at December 31, 2025	(151)	(20)	(31)	(33)	<b>(235)</b>
<b>Carrying amounts at December 31, 2025</b>	<b>226</b>	<b>9</b>	<b>28</b>	<b>66</b>	<b>329</b>

## NOTE 9. INTANGIBLE ASSETS

(in thousands of euros)	Goodwill	Software*	Other intangible assets	Uncomplete software**	Pre-payments	Total
Cost at December 31, 2023	256	36,399	2,557	1,865	8	<b>41,084</b>
Accum. amortization at December 31, 2023	0	(7,659)	(572)	0	0	<b>(8,231)</b>
<b>Carrying amounts at December 31, 2023</b>	<b>256</b>	<b>28,740</b>	<b>1,985</b>	<b>1,865</b>	<b>8</b>	<b>32,854</b>
Additions	0	0	6	4,327	5	<b>4,338</b>
Amortization	0	(3,954)	(258)	0	0	<b>(4,212)</b>
Software reclassification	0	5,658	5	(5,658)	(5)	<b>0</b>
Disposal	0	0	0	0	(8)	<b>(8)</b>
Cost at December 31, 2024	256	42,057	2 568	534	0	<b>45,415</b>
Accum. amortization at December 31, 2024	0	(11,613)	(830)	0	0	<b>(12,443)</b>
<b>Carrying amounts at December 31, 2024</b>	<b>256</b>	<b>30,444</b>	<b>1 738</b>	<b>534</b>	<b>0</b>	<b>32,972</b>
Additions	0	0	0	2,260	145	<b>2,405</b>
Amortization	0	(4,683)	(258)	0	0	<b>(4,941)</b>
Software reclassification	0	2,794	0	(2,794)	0	<b>0</b>
Impairment	0	(306)	0	0	0	<b>(306)</b>
Disposal	0	(94)	0	0	0	<b>(94)</b>
Discontinued	(48)	(1,818)	(5)	0	0	<b>(1,871)</b>
Cost at December 31, 2025	208	42,612	2 563	0	145	<b>45,528</b>
Accum. amortization at December 31, 2025	0	(16,275)	(1 088)	0	0	<b>(17,363)</b>
<b>Carrying amounts at December 31, 2025</b>	<b>208</b>	<b>26,337</b>	<b>1 475</b>	<b>0</b>	<b>145</b>	<b>28,165</b>

\* Software acquisitions and improvements consist of capitalised software development costs related to the Textmagic and Touchpoint platforms. They also include capitalised development costs of the Voog.com and Edicy.com platforms, which relate to discontinued operations completed during the reporting period.

\*\* Software acquisitions and improvements in progress consist of capitalised development costs related to both the Textmagic and Touchpoint software.

During the reporting period, an impairment of intangible assets in the amount of €306 thousand was recognised and intangible assets amounting to €94 thousand were written off, as these assets did not meet the initially expected economic and functional expectations. As a result, no sufficient future economic benefits were expected from their continued use. The write-off was recognised for assets from which no future economic benefits are expected.

To assess the value of intangible assets, a recoverable amount test was performed using the value-in-use method. The value in use was based on projected cash flows covering a five-year forecast period. The projections were discounted using a discount rate (WACC) of approximately 17%. In determining the terminal value, a long-term growth rate was applied that did not exceed the long-term average growth rate of the relevant market. According to the sensitivity analysis, the recoverable amount would decrease by €1,658 thousand if the WACC increased by 1 percentage point and would increase by €1,867 thousand if the WACC decreased by 1 percentage point.

In management's opinion, the assumptions used are based on reasonable and supportable expectations, and the recoverable amount test confirmed that the carrying amount of the intangible assets is recoverable as at the reporting date.

## 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 2025	Ownership interest at 31 Dec 2024
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%

In November 2025, the management of TextMagic AS decided to discontinue the operations of TM Marketing Ops SRL. The liquidation will take place during 2026. Costs related to the discontinuation of operations were recognised in the statement of profit or loss for the reporting period and did not have a material impact on the Group's financial results. The discontinuation did not affect the Group's continuing operations business model or liquidity position. The impact of the decision on the financial result for the reporting period was €71 thousand.

Edicy OÜ was sold in September 2025, and the related operations are presented as a discontinued operation in this report (Note 21).

## NOTE 11. CAPITAL AND RESERVES

### Share capital and share premium

The share capital as of December 31, 2025, was in the amount of €861 thousand (December 31, 2024: €850 thousand), which is divided into 8,610,000 ordinary shares with a nominal value of €0.1 per share (December 31, 2024: 8,500,000 ordinary shares). The share capital consists of:

- €25 thousand contributed at establishment;
- €775 thousand contributed as a non-monetary contribution on September 23, 2021;
- €50 thousand contributed as a result of the IPO on December 15, 2021.
- On the basis of the decision of June 28, 2022, share capital was increased by €2,550 thousand, increased the book value of the shares from €0.1 to €0.4 as a result of the fund issue at the expense of the share premium;
- On the basis of the decision of August 5, 2022, the share capital was reduced by €2,550 thousand, which reduced the book value of the shares from €0.4 to €0.1.
- On the basis of the decision of April 19, 2024, share capital was increased by €32,725 thousand, increased the book value of the shares from €0.1 to €3.95 as a result of the fund issue at the expense of the share premium;
- On the basis of the decision of May 22, 2024, the share capital was reduced by €32,725 thousand, which reduced the book value of the shares from €3.95 to €0.1.
- On the basis of the decision of November 25, 2024, the share capital was increased by €11 thousand through cash contributions. The share capital increase was registered in March 2025.

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

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

### Nature and purpose of reserves

#### Reserve capital

According to the Articles of Association of the Parent Company, a reserve capital of 1/10 of the share capital is created to cover possible losses and to increase the share capital. The reserve capital was created from the profit for 2022 and amounts to €85 thousand as of December 31, 2025 (December 31, 2024: €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, 2025 was €16 thousand (December 31, 2024: -€35 thousand).

#### Other reserves

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

The total number of granted but unexercised options as of December 31, 2025 was 58,400 (December 31, 2024: 192,200). The exercise price per share is €0.1.

The reserve for granted but unexercised options was recognized at €398 thousand as of December 31, 2025 (December 31, 2024: €1,235 thousand).

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

The expected expenses from previous periods were reduced by €34 thousand in 2025, and the impact was recognized through retained earnings from prior periods.

## NOTE 12. TRADE AND OTHER PAYABLES

(in thousands of euros)	Note	31.12.2025	31.12.2024
Trade payables		210	448
Payables to related parties	23	0	0
<b>Total trade payables</b>		<b>210</b>	<b>448</b>
Payables to employees		105	158
Other accrued liabilities		351	307
<b>Total other payables</b>		<b>456</b>	<b>465</b>
<b>Total</b>		<b>666</b>	<b>913</b>
Non-current		0	0
Current		666	913
<b>Total</b>		<b>666</b>	<b>913</b>

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

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

## NOTE 13. INCOME TAX AND TAX LIABILITIES

Amounts recognized in profit or loss

(in thousands of euros)	31.12.2025	31.12.2024
Current tax for the year	373	8
<b>Income tax for the year</b>	<b>373</b>	<b>8</b>
Profit (loss) before tax	<b>(1,577)</b>	<b>2,061</b>
Income tax on dividends	363	0
Tax using the Company's domestic tax rate	0	0
Effect of tax rates in foreign jurisdictions	10	8
<b>Income tax for the year</b>	<b>373</b>	<b>8</b>

The Group's entities operate in several jurisdictions, and the taxation of profits depends on the tax system of the respective country. In Estonia, undistributed profits are not subject to income tax; income tax arises upon the distribution of profits as dividends, and the applicable tax rate is 22/78 of the net dividend amount. In Romania and the United Kingdom, corporate profits are taxed on an accrual basis with corporate income tax at a rate of 16% in Romania and 19% in the United Kingdom.

### Tax liabilities

(in thousands of euros)	31.12.2025	31.12.2024
Value-added tax	7	32
Personal income tax	42	63
Corporate income tax	5	6
Social security tax	87	116
Funded pension contributions	4	5
Unemployment insurance contributions	5	6
Global tax liabilities	22	40
Other tax payables	1	2
<b>Total</b>	<b>173</b>	<b>270</b>
Non-current	0	0
Current	173	270
<b>Total</b>	<b>173</b>	<b>270</b>

## NOTE 14. LEASE LIABILITIES

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

(in thousands euros)	31.12.2025	31.12.2024
Lease liabilities added	0	459
Cash flow	(113)	(55)
Interest	22	12
Discontinued operations	(75)	0
<b>Total lease liabilities</b>	<b>250</b>	<b>416</b>
incl. current lease liabilities	106	107
incl. long-term lease liabilities	144	309

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

(in thousands euros)	31.12.2025	31.12.2024
Finance costs: Interest	22	12
Other operating expenses: Short-term and low-value leases	(30)	(72)

## NOTE 15. OTHER PROVISIONS

During the reporting period, the provision for global business operations was reversed, as management assessed that as at the reporting date it is not probable that the obligation will arise. The possible obligation is disclosed as a contingent liability in Note 16.

(in thousands euros)	Global business liability	Total other provision
<b>Balance as of December 31, 2024</b>	<b>384</b>	<b>384</b>
Unrealized provision	(384)	(384)
<b>Balance as of December 31, 2025</b>	<b>0</b>	<b>0</b>

## NOTE 16. CONTINGENT LIABILITIES

As at the reporting date, the Group may have potential obligations related to the possible distribution of dividends in the future and obligations arising from its global business activities.

In Estonia, distributed dividends are subject to income tax at a rate of 22/78 of the net dividend amount. Accordingly, a tax liability may arise upon the distribution of dividends depending on the amount of dividends distributed. As no decision to distribute dividends had been made as at the reporting date, the potential income tax liability cannot be measured reliably and its exact financial effect cannot be determined.

In addition, the Group may have contingent liabilities related to its global business operations. Management has engaged external experts to assess the likelihood of these potential obligations materialising, and based on management's assessment, their realisation as at December 31, 2025 is considered unlikely. Consequently, the previously recognised provision (Note 15) has been reclassified as a contingent liability, and the impact of this reclassification on the 2025 statement of profit or loss is presented within "Goods, raw materials and services". As at December 31, 2025, the estimated financial effect of this contingent liability amounts to €318 thousand (December 31, 2024: €0). The amount and timing of any outflows relating to these potential obligations depend on future events and estimates and are therefore subject to uncertainty.

(in thousands euros)	31.12.2025	31.12.2024
Liability on global business operations	318	0
Income tax liability on potential dividends	360	997
<b>Total contingent liabilities</b>	<b>678</b>	<b>997</b>

## NOTE 17. REVENUE

(in thousands of euros)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
<i>Sales to countries other than the European Union</i>		
United States	7,597	8,569
United Kingdom	3,637	3,553
Australia	943	918
Canada	577	706
Other countries	290	306
Discontinued operations	(14)	(25)
<b>Total sales to countries other than the European Union</b>	<b>13,030</b>	<b>14,027</b>
<i>Sales to countries of the European Union</i>		
Countries of the European Union	924	1,123
Discontinued operations	(405)	(617)
<b>Total sales to European Union countries</b>	<b>519</b>	<b>506</b>
<b>Total revenue</b>	<b>13,549</b>	<b>14,533</b>
<b>Major products/service lines</b>		
Text-messaging services	10,765	11,189
Virtual mobile number services	2,551	3,069
Other TextMagic platform services	233	275
Voog.com platform	419	642
Discontinued operations	(419)	(642)
<b>Total revenue</b>	<b>13,549</b>	<b>14,533</b>
<b>Timing of revenue recognition</b>		
At a point in time	13,549	14,533
Over time	419	642
Discontinued operations	(419)	(642)
<b>Total revenue from contracts with customers</b>	<b>13,549</b>	<b>14,533</b>

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)	31.12.2025	31.12.2024
Receivables, which are included in 'trade and other receivables	0	0
Contract liabilities	1,235	1,669
<b>Total</b>	<b>1,235</b>	<b>1,669</b>

No information is provided about remaining performance obligations as of December 31, 2025, that have an original expected duration of one year or less, as allowed by IFRS 15. During the reporting period, revenue also included amounts that had been recognised as contract liabilities as at December 31, 2024.

### NOTE 18. GOODS, RAW MATERIALS AND SERVICES

(in thousands of euros)	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
Payment processing fees	(536)	(531)
Purchased services	(4,216)	(3,817)
Other software expense	(519)	(325)
Other	341	(91)
Discontinued operations	42	77
<b>Total</b>	<b>(4,888)</b>	<b>(4,687)</b>

**NOTE 19. OTHER OPERATING EXPENSES**

(in thousands of euros)	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
Office expenses	(70)	(144)
Administrative expenses	(15)	(45)
Software expenses	(120)	(176)
Legal and other professional service costs	(82)	(243)
Accounting and audit expenses	(135)	(201)
Marketing expenses	(707)	(867)
Recruitment and other personnel expenses	(155)	(176)
Exchange rate variance and foreign currency gains and losses	(107)	10
Other operating expenses	(41)	(45)
Discontinued operations	43	107
<b>Total</b>	<b>(1,389)</b>	<b>(1,780)</b>

## NOTE 20. STAFF EXPENSES

(in thousands of euros)	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
Salary expenses	(1,913)	(2,202)
Share option expense*	(154)	(575)
Social security charges	(475)	(577)
Discontinued operations	351	794
<b>Total employee expenses</b>	<b>(2,191)</b>	<b>(2,560)</b>
Average number of personnel converted to full-time equivalent	25	37
<b>Average number of staff by employment relationship:</b>		
Personnel working under employment contracts	24	36
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)	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
Cost of contract developers	(2,305)	(3,411)
Option expense	0	(106)
Discontinued operations	0	0
<b>Total subcontractors' expense</b>	<b>(2,305)</b>	<b>(3,517)</b>

(in thousands of euros)	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
Total employee expense	(2,542)	(3,354)
Total subcontractors' expense	(2,305)	(3,517)
Total discontinued operations	351	794
<b>Total staff expenses</b>	<b>(4,496)</b>	<b>(6,077)</b>

## NOTE 21. DISCONTINUED OPERATIONS

In September 2025, the subsidiary Edicy OÜ, together with the web platforms operated by it, Voog.com and Edicy.com, was sold. The operations of Edicy OÜ constituted a separate cash-generating unit, the principal activity of which was the development and provision of website and content management solutions.

The sale of Edicy OÜ resulted from the Group's strategic decision to focus its operations on the Textmagic platform. As a result of the transaction, the Group lost control over Edicy OÜ, and the operation of the Voog.com and Edicy.com platforms by the TextMagic Group ceased.

As a result of the sale of Edicy OÜ and the discontinuation of the related operations, the activities of Edicy OÜ and the platforms operated by it are presented as discontinued operations in accordance with IFRS. The results of the discontinued operations are presented separately in the financial statements and are not included in continuing operations.

The comparative figures for the prior year in the consolidated statement of profit or loss and the consolidated statement of cash flows have been restated in accordance with IFRS 5 to present discontinued operations separately from continuing operations.

### Impact on profit or loss

(in thousands of euros)	Software products Voog and Edicy	
	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
Revenue	419	642
Other income	12	31
Goods, raw materials and services	(42)	(77)
Other operating expenses	(43)	(107)
Work performed by the entity and capitalized	159	511
Employee expenses	(351)	(794)
Depreciation, amortization and impairment of non-current assets	(1,200)	(247)
<b>Operating loss</b>	<b>(1,046)</b>	<b>(41)</b>
Financial expense	(9)	(7)
<b>Loss for the period</b>	<b>(1,055)</b>	<b>(48)</b>

During the reporting period, the loss from discontinued operations amounted to €1,055 thousand, resulting in a loss per share (EPS) of €0.12, based on 8,610,000 shares.

## Impact on cash flows

(in thousands euros)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
<b>Cash flow from operating activities</b>		
Cash flow from operating activities - discontinued operations	138	199
<b>Cash flows from operating activities</b>	<b>138</b>	<b>199</b>
<b>Cash flow from investing activities</b>		
Cash flow from investing activities - discontinued operations	(145)	(443)
<b>Cash flows from investing activities</b>	<b>(145)</b>	<b>(443)</b>
<b>Cash flow from financing activities</b>		
Cash flow from financing activities - discontinued operations	(13)	(6)
<b>Cash flows from financing activities</b>	<b>(13)</b>	<b>(6)</b>
<b>TOTAL CASH FLOWS</b>	<b>(20)</b>	<b>(250)</b>

## NOTE 22. TRANSACTIONS WITH RELATED PARTIES

### Parent company 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, 2025, held 85.6% (December 31, 2024: 86.6%) on TextMagic AS shares.

### Shares of management and supervisory board

As of December 31, 2025, 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) – 7,365,527

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, 2025, to December 31, 2025, was in total of €512 thousand (January 1, 2024, to December 31, 2024: €477 thousand).

As of December 31, 2025, the Group has no outstanding stock option agreements with the members of the Management Board and the Supervisory Board (December 31, 2024: 0). 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)	01.01.2025- 31.12.2025	01.01.2024- 31.12.2024
<i>Management and supervisory board</i>		
Salary expenses	(512)	(477)

## Other related party transactions

### Transactions of shareholders with a controlling interest

During the reporting period, other transactions with shareholders holding a controlling interest were recognised, and as at December 31, 2025, a receivable of €1 thousand was outstanding from them (December 31, 2024: €0 thousand).

### Transactions with the Management Board, the Supervisory Board and entities under their control

During the reporting period, there were no transactions with the Management Board, the Supervisory Board or entities under their control, and as at the reporting date there were no related receivables or liabilities; in the comparative period, transactions with these parties related to the rental of premises and utility expenses amounting to €57 thousand were recognised.

The Group considers a party to be a related party if one party has control over, or significant influence on, the business decisions of the other party. Related party transactions include transactions with shareholders, executive and senior management, their close family members, and entities under the control or significant influence of any of the aforementioned persons.

## NOTE 23. FINANCIAL INFORMATION ON THE GROUP'S PARENT COMPANY

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

### STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	31.12.2025	31.12.2024
<b>Non-current assets</b>		
Property, plant and equipment	329	475
Intangible assets and goodwill	28,341	31,277
Subsidiaries	616	2,133
<b>Total non-current assets</b>	<b>29,286</b>	<b>33,885</b>
<b>Current assets</b>		
Receivables from subsidiaries	1,837	449
Other receivables	281	11
Prepayments	58	54
Cash and cash equivalents	293	509
<b>Total current assets</b>	<b>2,469</b>	<b>1,023</b>
<b>TOTAL ASSETS</b>	<b>31,755</b>	<b>34,908</b>
<b>Current Liabilities</b>		
Lease liabilities	106	93
Current tax liabilities	106	121
Trade and other payables	236	205
<b>Total current liabilities</b>	<b>448</b>	<b>419</b>
<b>Long-Term Liabilities</b>		
Lease liabilities	144	246
<b>Total long-term liabilities</b>	<b>144</b>	<b>246</b>
<b>Total liabilities</b>	<b>592</b>	<b>665</b>
<b>Equity</b>		
Share capital	861	850
Share premium	141	141
Reserve Capital	85	85
Voluntary reserve	27,710	27,710
Other reserve	398	1,235
Retained earnings	1,968	4,222
<b>Total equity</b>	<b>31,163</b>	<b>34,243</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>31,755</b>	<b>34,908</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Revenue	7 559	8,408
Other income	4	0
Goods, raw materials and services	(16)	(56)
Other operating expenses	(988)	(934)
Work performed by the entity and capitalized	2 006	3,816
Staff costs	(3 586)	(5,008)
Depreciation, amortization and impairment of non-current assets	(5 507)	(4,089)
Other expenses	0	(10)
<b>Operating profit (loss)</b>	<b>(529)</b>	<b>2,127</b>
Discontinued operations	(1 033)	0
Financial Income	10	103
<b>Profit (loss) before tax</b>	<b>(1 552)</b>	<b>2,230</b>
Income tax	(364)	0
<b>Profit (loss) for the period</b>	<b>(1 916)</b>	<b>2,230</b>
<b>Total comprehensive income for the period</b>	<b>(1 916)</b>	<b>2,230</b>

## STATEMENT OF CASH FLOWS

(in thousands of euros)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
<b>Cash flows from operating activities</b>		
<b>Profit (loss) for the period</b>	<b>(1,916)</b>	<b>2,230</b>
Adjustments for:		
Depreciation and amortization	5,508	4,089
Financial income	(10)	(103)
Income tax on dividends	364	0
Loss from subsidiaries	1,033	0
Other adjustments	83	315
<b>Total adjustments</b>	<b>6,978</b>	<b>4,301</b>
Changes in trade and other receivables	(1,668)	152
Changes in prepayments	6	(16)
Changes in trade and other payables	33	34
<b>Net cash from operating activities – continuing operations</b>	<b>3,433</b>	<b>6,701</b>
Net cash from operating activities – discontinued operations	0	0
<b>Net cash from operating activities</b>	<b>3,433</b>	<b>6,701</b>
<b>Cash flows from investing activities</b>		
Net cash flows from business combinations	520	0
Interest received	10	130
Given loans	0	(200)
Fixed-term deposits	0	2,500
Acquisition of property, plant and equipment	(20)	(118)
Development expenditure	(2,402)	(3,524)
<b>Net cash used in investing activities – continuing operations</b>	<b>(1,892)</b>	<b>(1,212)</b>
Net cash used in investing activities – discontinued operations	0	0
<b>Net cash used in investing activities</b>	<b>(1,892)</b>	<b>(1,212)</b>
<b>Cash flows from financing activities</b>		
Principal payments of lease liabilities	(113)	(50)
Income tax on dividends	(364)	0
Contribution to the share capital	11	0
Payouts to the shareholders	(1,292)	(5,015)
<b>Net cash from financing activities – continuing operations</b>	<b>(1,758)</b>	<b>(5,065)</b>
Net cash from financing activities – discontinued operations	0	0
<b>Net cash from financing activities</b>	<b>(1,758)</b>	<b>(5,065)</b>
<b>TOTAL CASH FLOWS</b>	<b>(217)</b>	<b>424</b>
Cash and cash equivalents at the beginning	510	86
<b>Cash and cash equivalents at the end</b>	<b>293</b>	<b>510</b>

## STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Share premium	Reserve capital	Voluntary reserve	Other reserves	Retained earnings	Total equity
<b>Balance at December 31, 2023</b>	<b>850</b>	<b>51,242</b>	<b>85</b>	<b>0</b>	<b>2,035</b>	<b>(17,865)</b>	<b>36,347</b>
Profit (loss) for the period	0	0	0	0	0	2,230	<b>2,230</b>
Transactions with shareholders	(5,015)	0	0	0	0	0	<b>(5,015)</b>
Covering loss	0	(18,376)	0	0	0	18,376	<b>0</b>
Other changes in equity	5 015	(32,725)	0	27,710	(800)	1,481	<b>681</b>
<b>Balance at December 31, 2024</b>	<b>850</b>	<b>141</b>	<b>85</b>	<b>27,710</b>	<b>1,235</b>	<b>4,222</b>	<b>34,243</b>
<i>Carrying amount of investments in subsidiaries and associates</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(2,133)</i>	<i>(2,133)</i>
<i>Value of investments in subsidiaries and associated accounted for using the equity method</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>525</i>	<i>525</i>
<b>Adjusted unconsolidated equity as at December 31, 2024</b>	<b>850</b>	<b>141</b>	<b>85</b>	<b>27,710</b>	<b>1,235</b>	<b>2,614</b>	<b>32,635</b>
Profit (loss) for the period	0	0	0	0	0	(1,916)	<b>(1,916)</b>
Transactions with shareholders	0	0	0	0	0	(1,292)	<b>(1,292)</b>
Share issue	11	0	0	0	0	0	<b>11</b>
Other changes in equity	0	0	0	0	(837)	954	<b>117</b>
<b>Balance at December 31, 2025</b>	<b>861</b>	<b>141</b>	<b>85</b>	<b>27,710</b>	<b>398</b>	<b>1,968</b>	<b>31,163</b>
<i>Carrying amount of investments in subsidiaries and associates</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(617)</i>	<i>(617)</i>
<i>Value of investments in subsidiaries and associated accounted for using the equity method</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>160</i>	<i>160</i>
<b>Adjusted unconsolidated equity as at December 31, 2025</b>	<b>861</b>	<b>141</b>	<b>85</b>	<b>27,710</b>	<b>398</b>	<b>1,511</b>	<b>30,706</b>

## DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

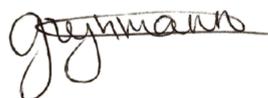
The Management Board has prepared the management report and the consolidated financial statements of TextMagic AS for the year ended December 31, 2025.

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

### Management Board

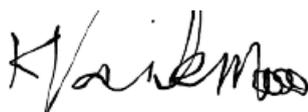


Priit Vaikmaa  
Chairman of the Management Board, CEO



Getter Grünmann  
CFO

### Supervisory Board



Kärtu Vaikmaa



Eduard Tark



Pavel Karagjaur



Siim Vips



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## **Independent Auditors' Report**

*(Translation of the Estonian original)*

To the Shareholders of TextMagic AS

### **Opinion**

We have audited the consolidated financial statements of TextMagic AS (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Basis for Opinion**

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

### **Other Information**

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

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

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

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

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

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

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

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



## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Baltics OÜ  
Licence No 17

Helen Veetamm  
Certified Public Accountant, Licence No 606

Siim Punab  
Certified Public Accountant, Licence No 765

Tallinn, 13 March 2026

## MANAGEMENT BOARD PROPOSAL

### COVERING LOSS AND DISTRIBUTING PROFITS FROM PREVIOUS PERIODS

The management board of TextMagic AS proposes to cover the loss of the reporting year from retained earnings of previous periods, to pay dividends to shareholders, and to increase the statutory reserve in accordance with the Articles of Association.

(in thousands of euros)	
Retained earnings	3,227
Annual profit	(1,950)
Allocation to the statutory reserve	(1)
Distribution of dividends	(1,205)
<b>Total undistributed profit</b>	<b>71</b>

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

(in thousands of euros)

62091 Other information technology and computer service activities	7,559
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