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Text S.A. Group of Companies

Consolidated interim condensed report for the period from 1 April 2024 to 30 September 2024

Prepared in accordance with the International Financial Reporting Standards

Wrocław, 27 November 2024

CONTENTS

I. SELECTED FINANCIAL DATA

Specification	PLN thousand		EUR thousand	
	For the period of 6 months ended 30 September 2024	For the period of 6 months ended 30 September 2023	For the period of 6 months ended 30 September 2024	For the period of 6 months ended 30 September 2023
Consolidated statement of comprehensive income				
Net revenues from sales of products, merchandise and materials	176 252	162 672	41 058	36 024
Profit (loss) on operating activity	92 989	90 658	21 662	20 076
Gross profit (loss)	92 829	90 616	21 625	20 067
Net profit (loss)	86 327	84 620	20 110	18 739
Profit (loss) per ordinary share (in PLN/EUR)	3.35	3.29	0.78	0.73
Number of shares (in thousand items)	25 750	25 750	25 750	25 750
Consolidated cash flow statement				
Net cash flows from operating activity	95 852	91 292	22 204	20 217
Net cash flows from investing activity	(15 457)	(14 548)	(3 601)	(3 222)
Net cash flows from financing activity	(112 506)	(116 076)	(26 209)	(25 705)
Net cash flows, in total	(32 111)	(39 332)	(7 480)	(8 710)
Specification	**PLN thousand**		**EUR thousand**	
	30 September 2024	**31 March 2024**	**30 September 2024**	**31 March 2024**
Consolidated statement of financial position				
Total assets	187 355	210 139	43 784	48 859
Liabilities and provisions for liabilities	86 297	83 447	20 167	19 402
Long-term liabilities	3 864	2 362	903	549
Short-term liabilities	82 433	81 085	19 264	18 853
Equity	101 058	126 692	23 616	29 457
Share capital	515	515	120	120
Book value per share (in PLN/EUR)	3.92	4.92	0.92	1.14
Number of shares (in thousand items)	25 750	25 750	25 750	25 750

PLN/EUR exchange rate	1 April 2024 – 30 September 2024	1 April 2023 – 31 March 2024	1 April 2023 – 30 September 2023
For the figures in the statement of financial position	4.2791	4.3009	4.6356
For the figures in the statement of comprehensive income and in the cash flow statement	4.2927	4.4335	4.5157
The highest rate for the period	4.3608	4.6902	4.6902
The lowest rate for the period	4.2499	4.2804	4.4135

Wrocław, 27 November 2024

Mariusz Ciepły
President of the Management Board

Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer

II. Basic Information

1. General Information

The interim consolidated financial statements of Text S.A. Group of Companies ("Group of Companies" or "Group") comprise:

- Interim consolidated condensed statement of financial position as at 30 September 2024, which presents a total balance of assets, liabilities and shareholders' equity in the amount of (PLN thousand) 187 355;
- Interim consolidated condensed statement of comprehensive income for the period from 1 April 2024 to 30 September 2024, which presents a net profit of (PLN thousand) 86 327 and comprehensive income of (PLN thousand) 87 184;
- Interim consolidated condensed statement of changes in equity for the period from 1 April 2024 to 30 September 2024, which presents a decrease of equity by (PLN thousand) 25 634;
- Interim consolidated condensed cash flow statement for the period from 1 April 2024 to 30 September 2024, which presents a decrease of net cash by (PLN thousand) 32 111;
- Additional notes and explanations.

2. Information about the Parent Company

The parent company of Text Spółka Akcyjna Group of Companies (hereinafter referred to as the "Group of Companies", "Group") is Text S.A. (hereinafter referred to as the "Parent Company", "Company", "Reporting Entity").
The Parent Company was established by the Notarial Deed of 10 September 2007. The Parent Company is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Wrocław-Fabryczna – 6th Commercial Division with KRS No. 0000290756.
The registered office of the Parent Company is located in Wrocław at Zwycięska 47, 53-033 Wrocław

Name of the reporting entity: Text Spółka Akcyjna

Registered office of the Reporting Entity: Zwycięska 47, 53-033 Wrocław, Poland

Address of the registered office of the Reporting Entity: Zwycięska 47, 53-033 Wrocław, Poland

Legal form of the Reporting Entity: joint stock company

Country of registration: Poland

Principal object of activity: 62.01.Z. Software-related activities

The duration of the parent company and the subsidiary included in the Group is indefinite. The reporting entity has no upstream unit.

3. Composition of the Management Board and the Supervisory Board

The Management Board of the Parent Company as at the balance sheet date and the date of approval of the financial statements for publication was composed of:

- Mariusz Ciepły – President of the Management Board;
- Urszula Jarzębowska – Member of the Management Board.

During the reporting period, the composition of the Management Board of the Parent Company did not change. The Supervisory Board of the Parent Company as at the balance sheet date and as at the date of approval of the financial statements for publication was composed of:

- Maciej Jarzębowski – Chairperson of the Supervisory Board;
- Jakub Sitarz – Vice-Chairperson of the Supervisory Board;
- Marta Ciepła – Member of the Supervisory Board;
- Marcin Mańdziak – Member of the Supervisory Board;
- Marzena Czapaluk – Member of the Supervisory Board.

4. Information on the Group of Companies

The consolidated financial statements of Text S.A. Group of Companies cover its subsidiary Text Inc. (formerly LiveChat Inc.), with its registered office at 101 Arch Street, 8th Floor, Boston, MA 02110, USA, in which the Parent Company holds 100% of the shares.

5. Format of the condensed financial statement

Basis for preparation of the statements

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as approved by the EU (“IAS 34”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the Group's consolidated financial statements for the financial year ended 31 March 2024.

Functional currency and presentation currency

The interim condensed consolidated financial statements are presented in Polish zloty (PLN) which is the Parent Company’s and Group of Companies’ functional and presentation currency.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate applicable on the transaction date. Foreign exchange gains and losses arising from the settlement of these transactions and from the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, unless they qualify for cash flow hedging or net investment hedging and are deferred in equity.

Presented periods

The interim condensed consolidated financial statements were prepared as at 30 September 2024 and cover a period of 6 months i.e. from 1 April 2024 to 30 September 2024.
For the data presented in the interim condensed statements of financial position and off-balance sheet items, comparable financial data are provided as at 31 March 2024.

For the data presented in the interim condensed statements of comprehensive income, interim condensed statements of changes in equity, and interim condensed statements of cash flows, comparable financial data are presented for the period from 1 April 2023 to 30 September 2023.

Audit by an Audit Firm

These interim condensed consolidated financial statements, along with selected elements of the interim condensed separate financial statements, have been audited by an independent audit firm.

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

6. Approval for publication

The presented financial statements were approved for publication by the Parent Company's Management Board on 27 November 2024.

7. Translation of figures presented in a foreign currency and translation into the presentation currency

As at 30 September 2024, balance sheet items were presented in USD using the exchange rate of 1 USD = 3.8193 PLN, whereas items in the statement of financial results and comprehensive income were presented using the exchange rate of 1 USD = 3.9429 PLN. The value of the Parent Company's shares in its subsidiary Text Inc. was translated using the historical exchange rate of 1 USD = 3.3129 PLN.

8. Statement of the Management Board

The Management Board of Text S.A. declares that, to the best of its knowledge, these interim condensed consolidated financial statements and comparable data have been prepared in accordance with the applicable regulations of the Text S.A. Group of Companies and its accounting principles. They reflect in a true, reliable, and clear manner the property and financial situation of the Company and the Group of Companies, as well as its financial results. These interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IAS 34 – Interim Financial Reporting) and related interpretations applicable to interim financial reporting, published as European Commission regulations approved by the European Union. The presented interim condensed consolidated financial statements comply with the *Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and the conditions for recognizing information required by the laws of a non-member state as equivalent.*

In accordance with resolution No. 24/2024 of the Ordinary General Meeting of Shareholders held on 22 August 2024, starting from 1 April 2024, Text S.A., as a parent company will prepare financial statements in accordance with International Accounting Standards (IAS).

Wrocław, 27 November 2024

Mariusz Ciepły President of the Management Board	Urszula Jarzębowska Member of the Management Board	Joanna Alwin Chief Financial Officer

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Interim consolidated statement of financial position

Specification	Note	As at 30 September 2024	As at 31 March 2024	As at 30 September 2023
FIXED ASSETS		**81 422**	**76 249**	70 086
Property, plant and equipment	1	1 789	2 228	1 838
Intangible assets	2	73 368	69 088	63 118
Long-term receivables	3	160	-	202
Deferred income tax assets	15	6 064	4 932	4 927
Long-term prepayments	4	41	1	1
CURRENT ASSETS		**105 933**	**133 890**	98 225
Accounts receivable	5	1 952	3 398	3 176
CIT receivables	5	39 159	23 059	25 533
VAT receivables	5	11 058	21 073	11 885
Other receivables	5	287	759	245
Cash and cash equivalents	6	52 749	84 860	56 488
Long-term prepayments	4	728	741	898
Assets classified as held for sale		-	-	-
TOTAL ASSETS		**187 355**	**210 139**	168 311
EQUITY		**101 058**	**126 692**	**90 053**
Share capital	7.2.	515	515	515
Supplementary capital from retained earnings and transactions of mergers under common control	7.3.	68 976	57 092	57 092
Currency conversion differences		(1 165)	(2 022)	1 298
Retained earnings	7.4.	32 732	71 107	31 148
Equity attributable to shareholders of the Parent Company		**101 058**	**126 692**	90 053
Equity attributable to non-controlling interests		-	-	-
LONG-TERM LIABILITIES		**3 864**	**2 362**	**1 952**
Deferred income tax liability	15	-	11	8
Liabilities from contracts with customers	8	3 864	2 351	1 944
SHORT-TERM LIABILITIES		**82 433**	**81 085**	76 306
Other financial liabilities	9	585	1 078	527
Accounts payable	10	10 326	9 235	8 589
Current income tax liabilities	10	-	484	107
Liabilities from contracts with customers	8	70 456	68 657	66 101
Other liabilities	10	1 066	1 631	982
Liabilities directly connected with non-current assets classified as held for sale		-	-	-
TOTAL LIABILITIES		**86 297**	**83 447**	78 258
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**187 355**	**210 139**	168 311

Wrocław, 27 November 2024

Mariusz Ciepły
President of the Management Board

Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

2. Interim consolidated statement of comprehensive income

Specification	Note	For the period of 3 months ended 30 September 2024	For the period of 6 months ended 30 September 2024	For the period of 12 months ended 31 March 2024	For the period of 3 months ended 30 September 2023	For the period of 6 months ended 30 September 2023
Continued operations						
Revenues from sales	11	89 412	176 252	**335 349**	78 765	162 672
Cost of goods sold	12	18 489	34 389	63 606	13 609	28 774
GROSS PROFIT (LOSS) ON SALES		**70 923**	**141 863**	**271 743**	**65 156**	**133 898**
Cost of sales	12	15 939	32 290	62 730	16 516	30 642
General administrative costs	12	8 971	16 576	30 155	7 276	12 760
Remaining operating revenues	13	50	107	289	117	181
Remaining operating costs	13	8	115	126	12	19
PROFIT (LOSS) ON OPERATING ACTIVITY		**46 055**	**92 989**	**179 021**	**41 469**	**90 658**
Financial revenues	14	3	6	120	172	122
Financial costs	14	130	166	265	140	164
PROFIT (LOSS) BEFORE TAX		**45 928**	**92 829**	**178 876**	**41 501**	**90 616**
Income tax	15	3 389	6 502	12 323	2 648	5 996
NET PROFIT (LOSS) ON CONTINUED OPERATIONS		**42 539**	**86 327**	**166 553**	**38 853**	**84 620**
NET PROFIT (LOSS)		**42 539**	**86 327**	**166 553**	**38 853**	**84 620**
Other comprehensive income items that will not be reclassified into profit or loss		-	-	-	-	-
Other comprehensive income items that, after meeting certain requirements, will be reclassified into profit or loss		**(33)**	**857**	**1 144**	**5 081**	**4 464**
Exchange rate differences from conversion of foreign entities		**(33)**	**857**	1 144	5 081	4 464
Total other comprehensive income		**(33)**	**857**	**1 144**	**5 081**	**4 464**
Total comprehensive income		**42 506**	**87 184**	**167 697**	**43 934**	**89 084**

Wrocław, 27 November 2024

Mariusz Ciepły
President of the Management Board

Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

3. Net earnings per ordinary share

Earnings per share (in PLN per share)	For the period of 6 months ended 30 September 2024	For the period of 12 ended 30 September 31 March 2024	For the period of 6 months ended 30 September 2023
From continued and discontinued operations			
Ordinary	3.35	6.47	3.29
Diluted	3.35	6.47	3.29
From continued operations			
Ordinary	3.35	6.47	3.29
Diluted	3.35	6.47	3.29
Weighted average number of ordinary shares	25 750 000	25 750 000	25 750 000
Weighted average diluted number of ordinary shares	25 750 000	25 750 000	25 750 000

Ordinary profit on continued operations per share is calculated as the quotient of profit on continued operations attributable to ordinary shareholders of the Parent Company and weighted average number of issued ordinary shares in the financial year.

Diluted profit on continued operations per share is calculated as the quotient of profit on continued operations attributable to ordinary shareholders of the Parent Company (after deduction of interest on redeemed preference shares converted into ordinary shares) and the weighted average number of issued ordinary shares in the financial year (adjusted for the effect of diluting options and diluting redeemed preference shares converted into ordinary shares).

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

4. Interim consolidated statement of changes in equity

STATEMENT OF CHANGES IN EQUITY for the period of 6 months ended 30 September 2024	Share capital	Supplementary capital	Exchange rate differences from conversion of a subsidiary	Retained earnings	Total equity attributable to equity holders of the parent company	Non-controlling shares	Total equity
Equity as at 1 April 2024	**515**	**57 092**	**(2 022)**	**71 107**	**126 692**	**-**	**126 692**
Transfer of financial results to equity	-	11 884	-	(11 884)	-	-	-
Dividends paid	-	-	-	(112 013)	(112 013)	-	(112 013)
Total transactions with owners	-	-	-	(805)	(805)	-	(805)
Net profit (loss) for the period	-	**11 884**	-	**(124 702)**	**(112 818)**	-	**(112 818)**
Other comprehensive income	-	-	-	86 327	86 327	-	86 327
– Effects of changing accounting standards to IFRS in separate financial statements	-	-	857	-	857	-	857
Total comprehensive income	**-**	**-**	**857**	**86 327**	**87 184**	**-**	**87 184**
Total of changes in equity	**-**	**11 884**	**857**	**(38 375)**	**(25 634)**	**-**	**(25 634)**
Equity as at 30 September 2024	**515**	**68 976**	**(1 165)**	**32 732**	**101 058**	**-**	**101 058**

STATEMENT OF CHANGES IN EQUITY for the period of 12 months ended 31 March 2024	Share capital	Supplementary capital	Exchange rate differences from conversion of a subsidiary	Retained earnings	Total equity attributable to equity holders of the parent company	Non-controlling shares	Total equity
Equity as at 1 April 2023	**515**	**38 580**	**(604)**	**136 624**	**175 115**	**-**	**175 115**
Correction of error from previous years	**-**	**-**	**(2 562)**	**(55 967)**	**(58 529)**	**-**	**(58 529)**
Equity as at 1 April 2023 after adjustment	**515**	**38 580**	**(3 166)**	**80 657**	**116 586**	**-**	**116 586**
Transfer of financial results to equity	-	18 512	-	(18 512)	-	-	-
Dividends paid	-	-	-	(157 591)	(157 591)	-	(157 591)
Total transactions with owners	**-**	**18 512**	**-**	**(176 103)**	**(157 591)**	**-**	**(157 591)**
Net profit (loss) for the period	-	-	-	166 553	166 553	-	166 553
Other comprehensive income	-	-	1 144	-	1 144	-	1 144
Total comprehensive income	**-**	**-**	**1 144**	**166 553**	**167 697**	**-**	**167 697**
Total of changes in equity	**-**	**18 512**	**1 144**	**(9 550)**	**10 106**		**10 106**
Equity as at 31 March 2024	**515**	**57 092**	**(2 022)**	**71 107**	**126 692**	**-**	**126 692**

Wrocław, 27 November 2024

Mariusz Ciepły President of the Management Board	Urszula Jarzębowska Member of the Management Board	Joanna Alwin Chief Financial Officer

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

5. Interim consolidated cash flow statement

Specification	Note	for the period of 6 months ended 30 September 2024	for the period of 12 months ended 31 March 2024	for the period of 6 months ended 30 September 2023
Profit before tax		**92 829**	**178 876**	**90 616**
Total adjustments:		6 536	**15 777**	**11 653**
Depreciation/amortization		11 561	19 369	9 252
Foreign exchange gains (losses)		-	1 093	4 469
Change in the balance of receivables		(8 226)	(7 818)	(571)
Change in the balance of short-term liabilities, save for financial liabilities		3 354	3 185	(1 072)
Change in the balance of prepayments and accruals		(27)	127	(31)
Change in the balance of assets and provisions for deferred income tax		(1 144)	(395)	(394)
Other adjustments	16	1 018	216	-
Cash generated from operating activities		99 365	**194 653**	**102 269**
Income tax paid		(3 513)	(17 084)	(10 977)
Net cash flows from operating activity		**95 852**	**177 569**	**91 292**
Expenditures on acquisition of intangible assets and property, plant and equipment		(15 457)	(30 269)	(14 548)
Net cash flows from investing activity		**(15 457)**	**(30 269)**	**(14 548)**
Payment of liabilities arising from financial lease agreements		(493)	(669)	(459)
Dividends paid		(112 013)	(157 591)	(115 617)
Net cash flows from financing activity		**(112 506)**	**(158 260)**	**(116 076)**
TOTAL NET CASH FLOWS		(32 111)	**(10 960)**	**(39 332)**
BALANCE SHEET CHANGE IN CASH, OF WHICH:		(32 111)	**(10 960)**	(39 332)
- change in the balance of cash arising from foreign exchange differences		-	-	-
CASH AT THE BEGINNING OF THE PERIOD		**84 860**	**95 820**	**95 820**
CASH AT THE END OF THE PERIOD		**52 749**	**84 860**	**56 488**

Wrocław, 27 November 2024

Mariusz Ciepły
President of the Management Board

Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer

IV. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES APPLIED

These interim consolidated condensed financial statements are presented in PLN thousands (Polish zlotys).

These interim statements were prepared assuming that the Group companies will continue as going concerns in the foreseeable future.
During the half-year period from April to September 2024, the Group recorded a decline in the number of LiveChat solution customers; however, this was compensated by an increase in the average value of licenses (ARPL - Average Revenue per License). For the ChatBot and HelpDesk products, both the number of customers and the average value of a single license have been growing since the beginning of the year. The growth rate depends on various external and internal factors, such as the economic situation in key markets, the pace of AI technology adoption by companies, and the activities of competitors.

In the Management Board's opinion, the ongoing Russian aggression against Ukraine does not significantly impact the Company's business. The situation is similar regarding the crisis in the Middle East; the markets there do not have a significant direct impact on the Company – monthly recurring revenue (MRR) attributable to Israel is only several dozen thousand dollars.

The Parent Company's business indicators are simultaneously affected by many factors, including the economic situation in key markets (e.g., the USA, Great Britain, Canada, Australia), product changes, marketing activities, competitors' activities, and many others.

The Management Board of the Parent Company analyses, on an on-going basis, the financial situation of the Group and the economic situation within the scope which might affect the financial results of the Group. The above-mentioned analyses do not indicate that there exists material operational risk and/or market risk (e.g., falling demand for solutions offered by the Group, loss of expected profitability of operating activity) which might pose a threat to the Group's continued operations.

A factor that may have a significant impact on the Group's business environment in the coming quarters may be the development of AI (artificial intelligence) technology. The Group is working to introduce further AI-based functionalities (including those using solutions from external suppliers) into its products. During Q3 of the FY 2023/24, the Company made available a commercial version of the ChatBot product based on its own AI solutions, and in April 2024, AI – ONE assistant (currently Copilot) was made available to LiveChat product users. In September 2024, a new language model was introduced to the ChatBot product, significantly enhancing the quality of the user experience.
The Group's goal is to provide greater value to its customers, which should also lead to further development of the Group and an increase in financial results. However, rapid technological changes in the market may pose a serious threat to the Group's market position if it fails to adapt effectively. The use of AI-based solutions may also lead to increased work efficiency.

1. Declaration of compliance and basis for preparation, effect of changes of applied standards or interpretations

These consolidated financial statements prepared as at the balance sheet date have been prepared in accordance with the International Accounting Standards, the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union (hereinafter referred to as the "IFRS EU").

The separate financial statements prepared as at the balance sheet date and the comparative data were prepared for the first time in accordance with EU IFRS.

The IFRS EU comprise standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for application in the EU.

When preparing the separate and consolidated financial statements as at the balance sheet date, the Parent Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which are applicable to its business and approved for use in the EU.

Standards, interpretations, and amendments to published EU-approved standards that are effective for the first time in reports for annual periods beginning on or after 1 April 2024:

– Changes to IAS 1 "Presentation of Financial Statements" – The IAS Board clarified the principles for classifying liabilities as long-term or short-term primarily in two respects: (1) it has been clarified that the classification depends on the rights the entity has at the balance sheet date, (2) management's intentions to accelerate or delay payment of the liability are not taken into account. The amendment clarifies that as of the balance sheet date, an entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities into long-term or short-term. Instead, the entity should disclose information about these covenants in the notes to the financial statements. Effective date: for annual periods beginning on 1 January 2024.
– Changes to IAS 1 "Presentation of Financial Statements" – The change clarifies that, as of the balance sheet date, an entity does not consider covenants that will have to be met in the future when classifying liabilities as long- or short-term. However, the entity should disclose information about these covenants in the explanatory notes to the financial statements. The change is effective for annual periods beginning on or after 1 January 2024.
– Changes to IAS 7 "Cash Flow Statement" and IFRS 7 "Financial Instruments - Disclosures" – The changes clarify the features of agreements for financing liabilities to suppliers (known as reverse factoring agreements) and introduce the obligation to disclose information on agreements concluded with suppliers, including their terms, amounts of these liabilities, payment dates, and information on liquidity risk. The changes are effective for annual periods beginning on or after 1 January 2024.
– Changes to IFRS 16 "Leases" – The change clarifies the requirements for measuring the lease liability arising from sale and leaseback transactions. It is intended to prevent inaccurate recognition of the result on a transaction in the portion relating to the retained right of use when lease payments are variable and do not depend on an index or rate. Effective date: for annual periods beginning on 1 January 2024.

The new and revised standards, which are applicable for the first time in financial year 2024/25, do not have a material impact on the Group's consolidated financial statements.

In preparing these consolidated financial statements, the Group has not elected to early adopt any standard, interpretation or amendment that has been published but has not yet become effective under European Union regulations.
Standards and interpretations that have been published by the International Accounting Standards Board, but have not yet come into force, are listed below:

– Changes to IFRS 7 and IFRS 9 "Financial Instruments" – effective for annual periods beginning on or after 1 January 2026;
– Changes to IAS 21 "The Effects of Changes in Foreign Exchange Rates"-applicable for annual periods beginning on or after 1 January 2025;
– New IFRS 18 "Presentation and Disclosures in Financial Statements" – applicable for annual periods beginning on or after 1 January 2027;
– New IFRS 19 "Subsidiaries without public accountability: disclosure of information" – applicable for annual periods beginning on or after 1 January 2027.

– New IFRS 14 "Regulatory Accruals" – in accordance with the decision of the European Commission, the process of approving the standard in its preliminary version will not be initiated before the standard is published in its final version.

The effective dates are based on the content of the standards issued by the International Financial Reporting Council. However, in the European Union, the application dates may differ and are announced at the time of their approval by the European Union.

According to estimates of the Parent Company early application of the above-mentioned standards, interpretations and changes to standards would not have a material effect on these financial statements.

2. Description of the adopted accounting policies

The accounting policies applied to preparation of these consolidated financial statements are coherent with the policies used for preparation of the annual consolidated financial statements for the financial year ended 31 March 2024.

The statements were prepared according to the principle of historical cost.

Presentation of financial statements

The financial statements are presented in accordance with IAS 1.

The “Consolidated statement of comprehensive income” is presented in the multiple-step format, whereas the “Consolidated cash flow statement” is presented using an indirect method.

In case of retrospective introduction of amendments to accounting policies or error adjustments, the Company presents the statement of financial position additionally prepared for the beginning of the reference period.

Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of the company controlled by the Parent Company, i.e. the subsidiary, prepared as at 30 September 2024. The Parent Company is assessing whether it exercises control by applying the definition of “control” contained in IFRS 10. In accordance with the definition, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the Parent Company and the subsidiary covered by the consolidated financial statements are prepared as at the same balance sheet date. Where it is necessary, adjustments are made to the financial statements of the subsidiary in order to standardize the accounting policies used by the company to adapt to the policies used by the Group of Companies.

The subsidiary is covered by consolidation using the full consolidation method.

The full consolidation method consists in combining financial statements of the Parent Company and its subsidiary by way of aggregating full values of particular groups of assets, liabilities, equity, revenues and costs.

In order to present the Group of Companies as if it were a single business entity, the following intercompany eliminations are made:

- As at the moment of acquiring control the company’s goodwill or profit are recognized,
- Non-controlling interests are determined and presented separately,
- Balances of settlements between Group companies and transactions (revenues, costs, dividends) are eliminated in full,

- Gains and losses on intragroup transactions recognized at the carrying value of such assets as inventory and fixed tangible assets are subject to elimination. Losses on intragroup transactions are analyzed in terms of asset impairment from the Group's perspective,
- The deferred tax due to temporary differences resulting from eliminating profits and losses on intragroup transactions is recognized.

Foreign currency transactions

The consolidated financial statements are presented in Polish zloty (PLN) which is the Parent Company's functional currency.

Transactions expressed in currencies other than Polish zloty are converted to Polish zloty at the rate applicable at the date of the transaction (spot exchange rate).

As at the balance sheet date, financial items in foreign currencies are translated into Polish zloty at the closing exchange rate at the end of the reporting period, that is the average exchange rate fixed for a particular foreign currency by the National Bank of Poland.

Non-monetary items are measured in terms of historical cost in a foreign currency and shown at the historical cost value on the transaction day.

Non-monetary balance sheet items recorded at their fair value, expressed in a foreign currency, are measured at the exchange rate as at the date of fair value determination, i.e. the average exchange rate determined for a particular currency by the National Bank of Poland.

Intangible assets

Intangible assets cover patents and licenses, software, research and development costs and other intangible assets that meet the criteria specified in IAS 38. The Group does not have any intangible assets with an unlimited period of use.

Intangible assets as at the balance sheet date are carried at their cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful life are amortized using straight-line method over the period of their useful economic life. Useful lives of particular intangible assets are verified annually and, if necessary, adjusted from the beginning of the following financial year.

The annual amortization rates for costs of completed research and development are as follows:

− 20% for LiveChat and HelpDesk solutions;
− 30% for ChatBot solution.

The period was determined on the basis of duration of projects as part of which qualifying expenditures are incurred. Measurement of research and development is the aggregate net value of invoices issued by software developers dedicated to specific solutions (products).

Costs connected with software maintenance, incurred in future periods, are recognized as period costs at the time they are incurred.

Research and development costs are recognized in the income statement at the moment they are incurred. Expenditures directly connected with research and development are capitalized only if the criteria below are met:

- Completion of an intangible asset is feasible from the technical point of view so that it can be intended for use or sale,
- The Group intends to complete an asset and use or sell it,
- The Group is capable of using or selling the intangible asset,
- The intangible asset will bring economic benefits, and the Group can prove such benefits, for example by – the existence of such an item in the market or its usability for the Group needs,

- The Group is provided with technical, financial or other sources necessary for completing research and development works with a view to selling or using the intangible asset,
- Expenditures incurred in the course of research and development may be reliably measured and allocated to a particular intangible asset.

Expenditures on research and development performed as part of a particular project are carried forward to the following period if they may be expected to be recovered in the future. Future benefits are assessed based on the policies set forth in IAS 36.

After initial recognition of expenditures on research and development, the historical cost method is applied, in accordance with which assets are carried at their cost less any accumulated amortization and any accumulated impairment losses. Completed research and development is amortized using a straight line method over the foreseen period of their economic useful life, which on average is 3 years.

Gains and losses arising from disposal of intangible assets are determined as the difference between net proceeds from sale and the carrying value of the intangible asset being disposed of.
Such gains and losses are recognized in the financial result as other revenues or operating costs at the time the acquirer takes over control over the intangible asset in accordance with the requirements of IFRS 15. The amount of remuneration in the intangible asset disposal transaction is determined in accordance with the requirements of IFRS 15 relating to transfer pricing.

Property, plant and equipment

Property, plant and equipment is initially recognized at cost. The purchase price is increased by any costs directly connected with the purchase and bringing the asset to the usable state and condition.

After initial recognition of property, plant and equipment, excluding land, it is then presented at its acquisition cost or manufacture cost less depreciation and impairment losses. Property, plant and equipment in progress is not depreciated until the construction or assembly is finished and the asset is put into operation.

Assets are depreciated using the straight-line method for the estimated period of use of a particular asset. The annual depreciation rates applied by the Company are as follows:

- computers – 30%;
- adaptation of office space – 50%.

Depreciation starts in a month following the month in which the fixed tangible asset becomes ready for use. Economic useful lives and depreciation methods are verified once a year, resulting in an adjustment, if any, of depreciation charges in the following years.

Fixed tangible assets are divided into elements being items of a significant value, to which a separate useful life period can be assigned. A fixed tangible asset element can also be the cost of a major inspection as well as significant spare parts and equipment, if they are used over a period longer than one year. Current costs incurred after a fixed tangible asset commissioning, such as maintenance and repair costs, are recognized in the income statement on the day they are incurred.

A particular item of property, plant and equipment may be removed from the statement of financial position after disposal or if no economic benefits are expected from further using of such asset. Gains or losses on sale, liquidation or cessation of use of fixed tangible assets are determined as the difference between revenues from sales and the net value of such fixed tangible assets.

Such gains and losses are recognized in the result as other revenues or operating costs at the time the acquirer takes over control over an item of plant, property and equipment in accordance with the IFRS requirements. The amount of remuneration in the plant, property and equipment disposal transaction is determined in accordance with the requirements of IFRS 15 relating to transfer pricing.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.
A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a party to such instrument. Standardized transactions of purchase and sale of financial assets and liabilities are recognized as at the date of the transaction.
A financial asset is excluded from the financial statements when the rights to cash flows from the financial asset expire or when the financial asset and basically the risk and benefits resulting from this asset are transferred on to another entity.

The Group derecognizes a financial liability from its statement of financial position only when it ceases to exist, that means when the obligation specified in the contract was discharged, expired or cancelled.

As at the acquisition date, the Group measures financial assets and liabilities at their fair value, i.e. usually at the fair value of payment made – in the case of an asset – or received – in the case of a liability.
The Group includes the transaction costs in the initial value of all the financial assets and liabilities, except for assets and liabilities measured at their fair value through the consolidated statement of comprehensive income.
As at the balance sheet date, financial assets or liabilities are measured according to the principles shown below:

Financial assets

According to IFRS 9, the Group classifies financial assets into the following categories:

- measured at amortized cost (applies to instruments which, in case of a pre-mature payment cause that an entity gets a smaller payment than the sum of the principal amount and interest (so-called negative compensation),
- measured at the fair value through other comprehensive income,
- measured at the fair value through the financial result.

The classification is made at the moment of the initial recognition of an asset. The classification of financial assets depends on a business model of financial asset management and on the characteristics of contractual cash flows (SPPI test) for a particular financial asset.

In the category of assets measured at amortized cost, the Group classifies accounts receivable, granted loans that successfully passed the SPPI test, other receivables, deposits, cash and cash equivalents.

Financial assets measured at amortized cost are measured at the amount of amortized cost using the effective interest rate method and taking into account any impairment losses. Accounts receivable with the maturity below 12 months from the date they arise (i.e. exclusive of a financing element) not transferred for factoring are not subject to discounting and are measured at the nominal value.

In the category of assets measured at the fair value through other comprehensive income, the Group classifies a financial asset upon fulfilment of the following conditions:

- it is maintained in a business model the purpose of which is to obtain contractual cash flows due to financial assets held or due to sale of financial assets, and
- contractual conditions give the right to obtain on defined dates cash flows consisting only of the capital and interest on capital (i.e. successfully passed the SPPI test).

The effects of changes of the fair value are recognized in other comprehensive income until the asset is no longer recognized in the statement of financial position, when the accumulated profit/loss is recognized in the statement of result.

In the category of assets measured at the fair value through the financial result, the Group classifies all financial instruments that have not been classified as measured at the amortized cost or measured at the fair value through other comprehensive income.

Gains and losses on a financial asset classified as measured at the fair value through the financial result are recognized in the financial result of the period in which they were generated (including revenues from interest and dividends).

IFRS 9 introduced an approach to loss assessment with respect to financial assets measured at amortized cost. This approach is based on determining the expected losses, irrespectively of whether there were signs for impairment loss or not. Due to the specificity of the activities run (sales to counterparties with a low credit risk, the lack of impairment losses on financial assets determined on the basis of assessment made in the past, no historically significant unfulfilled liabilities, cooperation with financial institutions with a stable rating), the Group has not recognized in its consolidated statements any impairment losses on the grounds of expected losses, as it finds them insignificant.

The Group does not apply hedge accounting, therefore the IFRS 9 standard does not apply here.

Financial liabilities

Financial liabilities other than hedging derivatives are presented in the following balance sheet items:

- Accounts payable and other liabilities.

After initial recognition, financial liabilities are measured at amortized cost by applying the effective interest method, save for held-for-trading financial liabilities or financial liabilities measured at their fair value through profit or loss.

In the category of financial liabilities measured at their fair value through profit or loss, the Group recognizes derivative instruments other than hedging instruments. Short-term accounts payable are measured at the amount due on account of insignificant discount effects.
Gains and losses on measurement of financial liabilities are recognized in profit or loss on financing activity.

Cash and cash equivalents

Cash and cash equivalents cover cash on hand and in bank accounts, as well as short-term investments of high liquidity, easily exchangeable for cash, with low risk of changing value.

Equity

The share capital is presented at the nominal value of issued shares in accordance with the Articles of Association of the Parent Company and the entry in the National Court Register.
The Parent Company’s shares which were purchased and retained by the Parent Company or consolidated subsidiaries reduce equity. Treasury shares are measured at cost.
The capital from the sale of shares above their nominal value is created from the surplus of the issue price above the share nominal value decreased by the issuance cost.
The other capitals comprise earnings retained by the Company.

Provisions, liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Date of incurring as well as the amount of the obligation may be uncertain.

Provisions are not recognized for future operating losses.

Provisions are recognized at the estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available as at the date of preparation of the consolidated financial statements, including evidence concerning risks and uncertainties. In case money impact in time is significant, the provision amount is determined by discounting the prospected future cash flows to the current value using a discount rate reflecting current market assessments of money value in time and the possible risk related to a particular obligation. If the discounting method is applied, the increase in the provision connected with the passing of time is recognized as financial cost.

If the Group expects the costs covered by the provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognized as a separate asset, but only when it is reasonably certain that the reimbursement will be received. However, the value of the asset may not exceed the amount of the provision.

In case outflow of resources for settling the present obligation is not possible, the contingent liability is not recognized in the balance sheet, except for contingent liabilities identified in the process of business combination according to IFRS 3.

The Parent Company created, before the correction of errors, in particular provisions for servers' maintenance costs due to sales completed. Currently, due to the change in the recognition of net revenues from the sale of services, provisions for server maintenance costs are not created.

<u>Leasing</u>

IFRS 16 defines rules of recognizing certain leasing items in terms of measurement, presentation, and disclosure of information. According to IFRS 16, all contracts complying with the definition of leasing, or contracts that include leasing, are presented according to the model that has been applied to financial leasing contracts so far.

Such contracts constitute a lease and have been recognized in accordance with a uniform model of lessee accounting, which entailed recognizing assets due to the right of use of buildings and liabilities thereto, which reflect the obligation to make lease payments.
The Group owns a single agreement, which according to IFRS 16, meets the criteria of a lease – being a contract for the lease of the office and the registered office of the Parent Company.

<u>Revenues from sales</u>

IFRS 15 "Revenue from contracts with customers" was published by the IFRS Board on 28 May 2014 and applies to annual periods commencing on 1 January 2018 or after this date.

In accordance with IFRS 15, revenues from sales of services, less value added tax, discounts and rebates are, recognized when the obligation to perform is fulfilled by providing the counterparty with a service.

Revenues include received or due inflows of economic benefits to which the Group is entitled. Receivables from sales are amounts due or received for sales of assets and services, less applicable value added tax. The amount of revenues is determined at the fair value of payment received or due, taking into account any commercial discounts granted by the Group. Revenues from sales of services are recognized in the period in which the services were provided.

The Group's business is mostly based on retail sales to the end client (individual or legal person). When a service purchase agreement is entered into, specified goods are immediately transferred via online distribution channels at the time payment is received by the financial intermediary (payment aggregator). In the course of ongoing business of the Group, agreements are continuously entered into with end clients with the use of agreements signed remotely (i.e. acceptance of the terms of service and payment on terms and conditions defined by the Group).

According to the standard, variable amounts are not treated as revenues, unless there is a strong likelihood, that in the future they will be reversed as a result of revaluation. Recognition and revaluation in the standard are also applied to recognition and measurement of profit/loss on sale of non-financial assets, if such sale is not made in the regular course of the economic activities run.

The Group presents the recognized revenues from contracts with customers divided into categories, which reflect the way economic factors affect the nature, amount, payment date and uncertainty of revenues and cash flows.

Revenues from sales are exclusively revenues generated by contracts concluded with customers which are subject to IFRS 15. The way of treating revenues from sales in the consolidated financial statements of the Group, including the value as well as the moment of recognizing the revenues, is defined by a five-stage model consisting of the following steps:

1. *Identification of a contract with a customer* – The Group recognizes a contract with a customer only if all of the following criteria are met: the parties have entered into a contract (in writing or electronically) and are obligated to perform their obligations; the Group can identify the rights of each party regarding the services to be transferred; the Group can identify the terms of payment for the services to be transferred; the contract has economic substance (i.e., the risk, timing, or amount of the Group's future cash flows can be expected to change as a result of the agreement); and it is likely that the Group will receive the consideration to which it is entitled in exchange for the services to be transferred to the customer.

2. *Identification of performance obligations* – At the time of entering into a contract, the Group evaluates the services promised and identifies as a performance obligation any promise to transfer to the customer a service (or bundle of services) that can be distinguished, or a group of separate services that are substantially the same and transferred in the same manner. A service is considered separable if it meets both of the following conditions: the customer can benefit from the service either directly or through a link to other readily available resources; and the Group's obligation to transfer the service is separable from other obligations in the contract.

3. *Determination of transaction price* – To determine the transaction price, the Group considers the terms of the contract and its customary business practices. The transaction price is the amount of remuneration that the Group expects to receive in exchange for providing the promised services to the customer, excluding amounts collected on behalf of third parties. The remuneration specified in the contract with the customer may include fixed amounts, variable amounts, or both.

4. *Assignment of transaction price to performance obligations* – The Group assigns a transaction price to each performance obligation in an amount that reflects the consideration the Group expects to receive for providing the promised services to the customer.

5. *Revenue recognition during or after fulfilment of performance obligations* – The Group recognizes revenue at the time of fulfilment, or during the process of fulfilment, of a performance obligation by transferring the promised service to the customer

Almost 95% of the consolidated sales revenues of the Group are generated by its subsidiary – Text Inc. Revenues include 1- and 12-month or longer licenses for the Issuer's products offered in the B2B segment. Revenue is recognized in the period in which the service is provided – from the moment the contract is concluded until the license expires. Following IFRS 15, revenue deferred to subsequent periods is currently presented in the consolidated financial statements as a contractual liability that is settled when the service is provided. The settled contract obligation increases net revenues from the sale of services.

In accordance with *Terms and conditions* of Text Inc., the company is entitled to make changes such as adding, removing, or modifying individual functionalities, and even discontinuing the provision of services, in particular when it is related to the need for their modification or further development. However, the service provider is not obliged to make such changes or updates. The support provided by the Company in no way relates to the infrastructure, equipment, or Internet access on the part of customers.

<u>Interest and dividends</u>

Interest revenues are recognized progressively as they accrue in accordance with the effective interest rate method. Dividends are recognized when the shareholder's right to receive payment is established.

Operating costs

Operating costs are recognized in the income statement using the matching principle. In its consolidated financial statements, the Group presents costs according to the respective cost centers.

Income tax (incl. deferred tax)

The tax charged to the financial result comprises current tax and deferred tax, which was not recognized in other comprehensive income or directly in equity.
Current tax expense is calculated based on taxable income (taxable basis) for a given financial year. Taxable profit (loss) differs from the gross profit (loss) presented in the books due to a temporary transfer of taxable revenues and costs being the cost of obtained revenues to other periods and due to excluding revenue and cost items which will never be subject to taxation. Tax charges are computed based on tax rates in force in a given tax year.

The Parent Company as a company that runs research and development activities gets its revenues from qualifying intellectual property rights and uses the preferential tax rate. The Company as of 22 October 2019 was granted an individual interpretation of tax law regulations concerning corporate income tax and issues related to preferential tax rates applied to income generated by intellectual property rights. In order to be eligible for the IP Box tax relief, the Company:

- divides the taxable income into income from qualifying intellectual property rights and from other sources,
- calculates the nexus ratio for income from qualifying intellectual property rights according to the rules defined in the Corporate Income Tax Act,
- the nexus ratio is used for computing the amount of tax for each income source.

Deferred income tax is calculated by applying the balance sheet method as tax payable or refundable in the future on differences between the carrying values of assets, liabilities and shareholders' equity and the corresponding tax values used for calculation of the taxable basis.

Deferred income tax liability is recognized on all positive taxable temporary differences and deferred income tax assets are recognized up to the amount in which it is probable that future tax gains may be reduced by recognized negative temporary differences. Neither an asset nor provision is recognized if the temporary difference results from the initial recognition of assets or liabilities in a transaction which is not a business combination and which at the time of its occurrence does not have an impact either on the taxable or accounting result. Deferred income tax liabilities are not recognized for goodwill which is not subject to amortization under the provisions of tax law.
Deferred income tax is calculated with the use of tax rates which will be applicable when the asset is recovered or the liability is settled, based on legal provisions applicable as at the balance sheet date.
The value of deferred income tax assets is analyzed as at each balance sheet date, and in case the prospected taxable profits will not be sufficient to realize the asset or its part, a relevant impairment loss is recognized.

Subjective judgement made by the Management Board and uncertainty of assessments

While preparing the consolidated financial statements, the Management Board of the Parent Company follows judgement when making estimates and assumptions that affect the applied methods and the presented amounts of assets, liabilities, equity, revenues and costs. The actual results may differ from the estimates of the Management Board.
Information on the estimates and assumptions which are significant for the consolidated financial statements is presented below.

Judgments connected with research and development

The Group begins capitalizing expenditures on research and development when it is possible to demonstrate that such works will constitute probable future economic benefits and provided that the Group has sufficient funds required for completion, use and derivation of benefits from an intangible asset. Fulfilment of both criteria, i.e. possibility to derive future economic benefits and having sufficient funds, is based on judgment of the Management Board arising from an analysis of the market and the Group's financial situation.

Recognizing revenues from contracts with customers

The Company recognizes revenues using the so-called five-step model provided for in IFRS 15. The revenues comprise only the amounts received or due that are equal to transaction prices the Company is entitled to after meeting (or when meeting) the obligation to render services, namely, to transfer the promised goods or services (that is an asset) to the customer. Revenue includes 1- and 12-month licenses. After the expiry of the free trial period in which the customer can learn about the product's functionalities, the fee for the subsequent periods is charged "in advance". All income is recognized as it is earned (at a point in time). The company is entitled to introduce changes such as adding, removing, or modifying certain functionalities, and even cessation of services, in particular in a situation where it is related to the need to modify or further develop them. However, the service provider is not obliged to make such changes or updates.
The transaction price means the amount, to which, as the Company expects, the Company will be entitled to for transferring the promised goods or services, less VAT.

Periods of economic useful life of non-current assets

The Management Board of the Parent Company verifies annually (as at the balance sheet date) periods of economic useful life of non-current assets subject to amortization. As at 31 March 2024, the Management Board estimates that the economic useful life periods accepted by the Group for amortization purposes reflect the expected periods of receiving economic benefits from those assets in the future. However, the actual periods of receiving benefits from those assets in the future may differ from the assumed ones, also due to technical ageing of the assets.

Provisions

Provisions are recognized when the Group has an existing obligation (legal or customary) arising from past events. Also, when it is certain or highly probable that an outflow of resources reflecting economic benefits will be required to meet the obligation, and when a reliable estimate of the amount of the obligation can be made. The amount of created provisions is reviewed and updated at the end of the reporting period to adjust the estimates to those consistent with the Group's state of knowledge at that date.

Deferred income tax assets

Probability of settling deferred income tax assets with future taxable profits is based on the budget of the Group companies approved by the Management Board of the Parent Company. If the projected financial results show that the Group companies will generate taxable income, deferred income tax assets are recognized in full amount.

Impairment loss on non-financial assets

In order to determine the useful value, the Management Board assesses the projected cash flows and the rate at which the cash flows are discounted to the current value. In the process of measuring the current value of future cash flows, the projected financial results are assumed. The assumptions refer to future events and circumstances. The actually realized values may differ from the estimated ones, which in the following reporting periods may cause adjustments in the value of the assets of the Group.

Expected credit losses on financial assets

Losses relating to financial assets measured at amortized cost are assessed by determining the expected losses, independently of whether there were circumstances for impairment loss or not. Owing to the nature of the activities run (sales to customers with low credit risk, the lack of impairment losses on financial assets determined on the basis of assessments made in the past, no historical unfulfilled liabilities, cooperation with financial institutions that have a stable rating), the Group has not recognized any impairment losses in its consolidated statements on the basis of expected losses because it found them insignificant.

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

V. ADDITIONAL INFORMATION AND EXPLANATIONS

1. Changes in the presentation and classification of financial statement items

There were no changes in the presentation and classification of financial statement items during the reporting period.

2. Explanatory notes to the statement of financial position

Note 1. Property, plant and equipment

Property, plant and equipment	As at	
	30 September 2024	31 March 2024
Buildings and structures	663	1 078
Technical equipment and machinery	1 126	1 150
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1 789**	**2 228**

The most important element of items other than buildings and structures is computer equipment. As at 30 September 2024, there were no significant liabilities due to the purchase of fixed tangible assets. The buildings and structures are related to the recognized long-term office lease agreement, specifically for the headquarters of the Parent Company, in accordance with IFRS 16.

Property, plant and equipment in the reporting period from 1 April 2024 to 30 September 2024	Buildings and structures	Technical equipment and machinery	Total property, plant and equipment
Gross balance sheet value as at 1 April 2024	**5 230**	**4 321**	**9 551**
Direct acquisitions	**78**	**378**	**456**
Increases due to differences in new lease agreement	-	-	-
Decreases resulting from sale	-	-	-
Decreases resulting from liquidation	-	-	-
Gross balance sheet value as at 30 September 2024	**5 308**	**4 699**	**10 007**
Accumulated amortization as at 1 April 2024	**4 152**	**3 171**	**7 323**
Increase of amortization for the period	493	402	895
Decreases resulting from sale	-	-	-
Decreases resulting from liquidation	-	-	-
Accumulated depreciation as at 30 September 2024	**4 645**	**3 573**	**8 218**
Value of impairment losses as at 1 April 2024	-	-	-
Value of impairment losses as at 30 September 2024	-	-	-
Net value as at 30 September 2024	**663**	**1 126**	**1 789**

Property, plant and equipment in the reporting period from 1 April 2023 to 31 March 2024	Buildings and structures	Technical equipment and machinery	Total property, plant and equipment
Gross balance sheet value as at 1 April 2023	**4 272**	**5 518**	**9 790**
Direct acquisitions	-	338	**338**
Increases due to differences in new lease agreement	958	-	**958**
Decreases resulting from sale	-	506	**506**
Decreases resulting from liquidation	-	1029	**1 029**
Gross balance sheet value as at 31 March 2024	**5 230**	**4 321**	**9 551**
Accumulated depreciation as at 1 April 2023	**3 285**	**3 832**	**7 117**
Increase of depreciation for the period	867	863	**1 730**
Decreases resulting from sale	-	506	**506**
Decreases resulting from liquidation	-	1 018	**1 018**
Accumulated depreciation as at 31 March 2024	**4 152**	**3 171**	**7 323**
Value of impairment losses as at 1 April 2023	-	-	-
Value of impairment losses as at 31 March 2024	-	-	-
Net value as at the 31 March 2024	**1 078**	**1 150**	**2 228**

Interim consolidated condensed financial statements for the period from 1 April 2024 to 30 September 2024. All figures are expressed in PLN thousand (unless stated otherwise).

The Group implemented IFRS 16 Leasing on 1 April 2019. As a result of application of the standard as at 1 April 2019, assets in the form of the right to use office space were recognized in the consolidated statement of financial position. These assets are disclosed in the consolidated statement of financial position under *Property, plant and equipment, buildings and structures*.
The value of the machinery and equipment purchased in the current period amounted to 457,000 PLN. As at 30 September 2024, there were no other liabilities due to the purchase of fixed tangible assets.

Note 2. Intangible assets

Intangible assets	As at	
	30 September 2024	31 March 2024
Research and development costs	68 227	63 892
Other intangible assets, including intangible assets in progress	5 141	5 196
TOTAL INTANGIBLE ASSETS	**73 368**	**69 088**

The table below presents the main items of development work related to applications

Costs of research and development, including costs related to the following applications:	As at	
	30 September 2024	31 March 2024
LiveChat	53 244	49 406
ChatBot	2 707	2 512
HelpDesk	4 670	4 034
Text.com	6 615	7 012
KnowledgeBase	991	928
TOTAL	**68 227**	**63 892**

Intangible assets in the reporting period from 1 April 2024 to 30 September 2024	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at 1 April 2024	**124 992**	**5 196**	**130 188**
Reclassifications	15 001	-	15 001
Liquidation	-	55	55
Gross balance sheet value as at 30 September 2024	**139 993**	**5 141**	**145 134**
Accumulated amortization as at 1 April 2024	**61 100**	**-**	**61 100**
Increase of amortization for the period	10 666	-	10 666
Value of accumulated amortization as at 30 September 2024	**71 766**	**-**	**71 766**
Value of impairment losses as at 1 April 2024	-	-	-
Value of impairment losses as at 30 September 2024	-	-	-
Net value as at 30 September 2024	**68 227**	**5 141**	**73 368**

Intangible assets in the reporting period from 1 April 2023 to 31 March 2024	Research and development costs	Intangible assets in progress	Total intangible assets
Gross balance sheet value as at 1 April 2023	**95 547**	**4 708**	**100 255**
Reclassifications	29 445	488	29 933
Gross balance sheet value as at 31 March 2024	**124 992**	**5 196**	**130 188**
Accumulated amortization as at 1 April 2023	**43 263**	**-**	**43 263**
Increase of amortization for the period	17 837	-	17 837
Accumulated amortization as at 31 March 2024	**61 100**	**-**	**61 100**

Value of impairment losses as at 1 April 2023	-	-	-
Value of impairment losses as at 31 March 2024	-	-	-
Net value as at 31 March 2024	**63 892**	**5 196**	**69 088**

A significant component of intangible assets is costs of non-completed research and development connected with subsequent versions of products offered by the Group, with the value of PLN (thousand) 5,141 as at 30 September 2024 (as at 31 March 2024 – PLN (thousand) 5,196).

Costs of non-completed research and development relate to products put into service (LiveChat, ChatBot, Text.com, and KnowledgeBase), i.e., released for production. Such costs only include direct expenditures on services connected with the development of applications such as programming services or testing services. All expenditures on development works incurred in the period of approx. 2 months are then accepted as costs for production (once a product is made available to customers).

LiveChat, ChatBot, and HelpDesk products account for nearly 100% of the Group's net sales revenues and, therefore, constitute complete cash-generating units.

The Parent Company conducts an impairment test for the expenditure incurred on development works. As a result of the impairment test carried out as at 31 March 2024, it should be stated that there was no impairment of the expenditure incurred on development works. In addition, it should be noted that there are no decreases in the costs of unfinished development works because all expenses for development works incurred in the period of approx. 2 months are then accepted for production and spent. The next impairment test for the expenditure incurred on development works will be carried out on 31 March 2025.

The recoverable amount of cash-generating units to which the costs of unfinished development work with an indefinite useful life have been allocated was determined based on the value in use calculated on the basis of a cash flow forecast.

The main assumptions made to determine the value in use concerned:

- profitability of sales of services;
- the level of capital expenditure;
- the level of involvement of working capital;
- a discount rate based on the weighted average cost of capital and reflecting current market assessments of the time value of money and operating risks.

The impairment test was performed on the basis of the following assumptions in two scenarios:

31 March 2024	Scenario 1	Scenario 2
Discount rate	11.50%	11.20% (over the detailed forecast period); 8.70% (after the detailed forecast period).
Residual Growth Rate	4.00%	2.00%
EBITDA profitability	59.4%-61.4%	55.7%-62.2%
EBIT profitability	50,9%-56,5%	52,0%-54,1%

The test did not show the need to recognize the impairment loss for the above-mentioned assets. The Management Board of the Parent Company is convinced that any reasonably possible change in any key assumption identified in the course of the tests performed will not cause the carrying amount of the tested asset to significantly exceed its recoverable amount.

At the time of publication of this report, there were no circumstances obliging the Group to prepare an update of the above-mentioned impairment test.

Intangible assets are not subject of hedge accounting in any of the presented periods. The Group does not have any intangible assets intended for sale.

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Note 3. Long-term receivables

Long-term receivables as at 30 September 2024 mainly related to security deposits paid (31 March 2024: 0 PLN). In the comparative period, the Company did not recognize any impairment losses on long-term receivables.

Note 4. Prepayments and accruals

Long-term active prepayments	As at	
	30 September 2024	31 March 2024
Long-term prepayments	41	1
TOTAL LONG-TERM PREPAYMENTS	**41**	**1**

Short-term prepayments are related to costs accounted for over time.

Active short-term prepayments	As at	
	30 September 2024	30 March 2024
Annual fees (domains, licenses)	542	663
Other	186	78
TOTAL SHORT-TERM PREPAYMENTS	**728**	**741**

Note 5. Accounts receivable and other receivables

The majority of accounts receivable concerns short-term receivables from payment agents and transfer of payments collected from customers. The other accounts receivable mature at up to 30 days.

Accounts receivable and other receivables are measured at the amount of the amortized cost using the effective exchange rate method and taking into account impairment losses on receivables. The book value of receivables is close to their fair value.

Accounts receivable with maturity date of below 360 days following the date they occur are not subject to discounting.

Receivables	30 September 2024			31 March 2024		
	Value	Impairment losses	Balance sheet value	Value	Impairment losses	Balance sheet value
Accounts receivable	1 952	-	1 952	3 398	-	3 398
CIT receivables	39 159	-	39 159	23 059	-	23 059
VAT receivables	11 058	-	11 058	21 073	-	21 073
Other receivables	287	-	287	759	-	759
TOTAL RECEIVABLES:	**52 456**	**-**	**52 456**	**48 289**	**-**	**48 289**

As at 30 September 2024 the Group had no overdue receivables.

Note 6. Cash and cash equivalents

Cash in bank bears interest according to a variable interest rate. The fair value of cash and cash equivalents equals their balance sheet value.

Cash	As at 30 September 2024	As at 31 March 2024
Cash at hand	50 422	83 182
Cash in bank	2 327	1 678
TOTAL CASH:	**52 749**	**84 860**
- including cash of limited availability	-	-

Cash in foreign currencies is measured as at the balance sheet date according to the average currency exchange rate for a particular currency determined by the National Bank of Poland.

Cash – monetary structure	As at 30 September 2024	As at 31 March 2024
Cash in PLN	19 378	73 101
Cash in USD	33 371	11 759
TOTAL CASH:	**52 749**	**84 860**

Note 7. Equity

7.1. Equity management

The Group's goal in managing equity risk is to protect its ability to continue as a going concern, ensuring returns to shareholders and benefits to other stakeholders. The Group does not finance itself with debt capital.

In accordance with the current dividend policy outlined in the Company's Prospectus, the Management Board of Text S.A. recommends that the General Meeting approve the payment of the maximum permissible portion of the profit for the fiscal year in the form of a dividend, unless there are investment opportunities that would offer the Parent Company and shareholders a higher rate of return than a dividend payment.

The Management Board, with the approval of the Supervisory Board, is authorized to decide on the payment of advances on expected dividends.

7.2. Share capital

SHARE CAPITAL (STRUCTURE) – 30 September 2024								
Name of series	**Type of shares**	**Type of share preference**	**Type of share right limits**	**Number of shares (in thousand items)**	**Nominal value of series / issue**	**Payment method**	**Date of registration**	**Right to dividend (since)**
A series	Ordinary bearer shares	None	None	25 000	500 000	Cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
B series	Ordinary bearer shares	None	None	750	15 000	Cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
Total number of shares (in thousand items)				**25 750**				
Total share capital (PLN)					**515 000**			
Nominal value of 1 share = PLN 0.02								

SHARE CAPITAL (STRUCTURE) – 31 March 2024								
Name of series	**Type of shares**	**Type of share preference**	**Type of share right limits**	**Number of shares (in thousand items)**	**Nominal value of series / issue**	**Payment method**	**Date of registration**	**Right to dividend (since)**
A series	Ordinary bearer shares	None	None	25 000	500 000	Cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
B series	Ordinary bearer shares	None	None	750	15 000	Cash contribution	18 December 2013	In accordance with the Code of Commercial Companies and Partnerships
Total number of shares (in thousand items)				**25 750**				
Total share capital (PLN)					**515 000**			
Nominal value of 1 share = PLN 0.02								

People who are entitled to dividend are people who on the dividend day will have shares of Text Spółka Akcyjna on a securities account. The Parent Company's shareholders are entitled to dividend from the net profit presented in the statements of Text Spółka Akcyjna in the amount fixed by the General Annual Meeting of Shareholders. A single ordinary share entitles to cast one vote.

A series shares:

A series shares are shares issued in relation to the transformation of "LIVECHAT" Spółka z ograniczoną odpowiedzialnością, the legal predecessor of the Issuer, into Text Spółka Akcyjna. The transformation was adopted by the resolution of the General Meeting of Shareholders of "LIVECHAT" Spółka z ograniczoną odpowiedzialnością of 10 January 2007. The resolution was recorded by Marek Leśniak, notary of Kancelaria Notarialna Leśniak i Kawecka-Pysz Spółka partnerska with its registered office in Wrocław, Roll of Deeds A No. 1324/2007. The transformation was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register of 16 October 2007.

At the time of transformation the Issuer's share capital amounted to PLN 500,000 and was divided into 5,000,000 A series ordinary bearer's shares with the nominal value of PLN 0.10 each.

On 29 November 2013, the General Meeting of Shareholders of the Issuer adopted a resolution to change the Issuer's Articles of Association, including, among other things, a stock split, fixing the nominal share value at PLN 0.02 (two grosz). The resolution was recorded by Karolina Warczak-Mańdzia, notary of Kancelaria Notarialna dr Wisława Boć-Mazur i Karolina Warczak–Mańdziak spółka cywilna with its registered office in Wrocław, Roll of Deeds A No. 12380/2013. The shares were split in the proportion of 1:5 so that each individual share of the Issuer, including each individual A series share, was split into 5 shares.

The change in the Issuer's Articles of Association covering a change in the share nominal value was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, of 18 December 2013. As a result of the above-mentioned registration, A series shares comprise 25,000,000 ordinary bearer's shares with the nominal value of PLN 0.02 each.

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B series shares:

On 26 April 2010, the General Meeting of Shareholders of the Issuer adopted a resolution to increase the Issuer's share capital by the amount of PLN 15,000 through B series bearer's shares waiving the preemptive right of the Company's current shareholders as well as to amend the Company's Articles of Association. By virtue of the said resolution the General Meeting of Shareholders decided to increase the share capital by PLN 15,000 by issuing 150,000 B series ordinary bearer's shares with the nominal value of PLN 0.10. The series B shares were subscribed for in full by Mariusz Ciepły and paid for by way of cash contribution in the amount of PLN 15,000. The issue price of series B shares was 0.10 PLN per share.

On 29 November 2013, the General Meeting of Shareholders of the Issuer adopted a resolution to change the Issuer's Articles of Association, including, among other things, a stock split, fixing the nominal share value at PLN 0.02 (two grosz). The resolution was recorded by Karolina Warczak-Mańdziak, notary of Kancelaria Notarialna dr Wisława Boć-Mazur and Karolina Warczak–Mańdziak spółka cywilna with its registered office in Wrocław, Roll of Deeds A No. 12380/2013. The shares were split in the proportion of 1:5 so that each individual share of the Issuer, including each individual B series share, was split into 5 shares. The change in the Issuer's Articles of Association covering a change in the share nominal value was registered by virtue of the order of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, of 18 December 2013. As a result of the abovementioned registration, B series shares comprise 750,000 ordinary bearer's shares with the nominal value of PLN 0.02 each.

Shareholder	Share in the capital as at 31 March 2024	Share in the capital as at 30 September 2024	Share in the capital as at the date of preparation of the financial statements
PTE Allianz Polska	8.50%	9.43%	9.43%
Nationale-Nederlanden PTE	6.20%	6.17%	6.17%
Shareholders' Agreement, including over 5% of the capital:	41.27%	41.27%	41.27%
Mariusz Ciepły	13.07%	13.07%	13.07%
Jakub Sitarz	11.69%	11.69%	11.69%
Maciej Jarzębowski	9.19%	9.19%	9.19%
Others	44.03%	43.13%	43.13%
TOTAL	**100.00%**	**100.00%**	**100.00%**

7.3. Supplementary capital

The supplementary capital was created when the Company retained a part of its earnings from previous years. The Company made a distribution of the previous year's result according to Section 347(4) of the Code of Commercial Companies and Partnerships.

7.4. Retained earnings (accumulated loss)

Retained earnings include dividend advances paid, retained earnings, net profit (loss) for the fiscal year and recognized differences in financial results for 2022/2023 and 2023/2024 due to error corrections.

Undistributed result of previous years refers only to undistributed net result of previous years and does not contain any other economic events.

Distribution of net profit for the FY 2023/2024

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Pursuant to the Resolution of the Management Board of 18 December 2023, it was decided to pay the first dividend advance from the net profit for the FY 2023/2024. The dividend advance amounted to PLN 41,972,500.00, which was no more than half of the Parent Company's net profit shown in the financial statements as at 30 September 2023. The advance payment covered 25,750,000 shares, so the amount of the advance payment per share of the Parent Company amounted to PLN 1.63. On 8 January 2024, the shareholders entitled to receive the advance payment of the expected dividend were determined, and the advance payment was made on 15 January 2024.

Pursuant to the resolution of the Management Board of 28 June 2024, the separate net profit of the Parent Company for FY 2023/2024, amounting to PLN 165,868,993.30, was distributed to:

- increase the Company's supplementary capital in the amount of PLN 11,883,993.30;
- the payment of dividends to shareholders in the amount of PLN 153,985,000, which means the value of the dividend per share was PLN 5.98;
- taking into account advance payments on dividends for the FY 2023/2024, namely an advance payment of PLN 41,972,500 paid by the Company based on the resolution of the Management Board of 18 December 2023, and an advance payment of PLN 40,942,500 paid on 29 August 2024, based on the resolution of the Management Board of 28 June 2024, the remaining dividend for the FY 2023/2024 was paid to shareholders in the amount of PLN 71,070,000.00, which was PLN 2.76 per share;
- the dividend will cover 25,750,000 shares of the Company.

On 29 August 2024, the shareholders entitled to the dividend were determined, and the dividend was paid on 5 September 2024.

Pursuant the resolution of the Ordinary General Meeting of Shareholders of Text S.A. of 22 August 2024, regarding the distribution of the net profit of Text S.A. for the FY 2023/2024, the Management Board's recommendations concerning the allocation of net profit were adopted.

Note 8. Liabilities from contracts with customers

Liabilities from contracts with customers	As at 30 September 2024	As at 31 March 2024
Long-term liabilities	3 864	2 351
Short-term liabilities	70 456	68 657
Total liabilities	**74 320**	**71 008**

Note 9. Lease liabilities

As at 1 April 2019, the Parent Company recognized for the first time the liability under the Agreement in accordance with IFRRS 16 Leasing and recognized the asset in the form of the right to use the premises. Details concerning application of IFRS 16 Leasing are described in Section 8 Basis for preparation of the financial statements and accounting policies.

As at 2 August 2017, the Parent Company and Zwycięska 45 sp. z o.o. sp. k. with its registered office in Świdnica entered into a lease agreement (hereinafter referred to as the “Agreement”) regarding real property with a building used as an office by the Parent Company.

The Agreement was entered into for a fixed term to 29 February 2020 and then extended by Annex No. 1 to the Agreement to 31 March 2020 and by Annex No. 2 to the Agreement to 31 March 2024. Annex No. 3 was concluded on 10 August 2023, where the previous lease term was extended to 31 March 2025.

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Note 10. Short-term liabilities

Short-term liabilities as at 30 September 2024 – Age structure	Current	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	Total
Liabilities from deliveries and services	10 326	10 326	-	-	10 326
Financial liabilities	585	82	245	258	585
Liabilities from contracts with customers	70 456	18 785	17 530	34 141	70 456
Accruals and other liabilities	1 066	1 066	-	-	1 066
TOTAL	**82 433**	**30 259**	**17 775**	**34 399**	**82 433**

Short-term liabilities – Currency structure	30 September 2024		31 March 2024	
	In currency	In PLN after conversion	In currency	In PLN after conversion
PLN	80 543	80 543	79 441	79 441
USD	495	1 890	412	1 644
TOTAL	-	**82 433**	-	**81 085**

3. Explanatory notes to the statement of comprehensive income

Note 11. Revenues from sales

Below is a summary of net sales revenues, including the impact of deferred revenues

Type of net sales revenue (PLN thousand)	For the period of 3 months ended 30 September 2024	For the period of 6 months ended 30 September 2024	For the period of 3 months ended 30 September 2023	For the period of 6 months ended 30 September 2023
Revenues from sales of products	89 724	179 563	78 206	162 004
Change in the balance of liabilities under contracts with customers	(312)	(3 312)	559	668
Net income from sales	**89 412**	**176 252**	**78 765**	**162 672**

Type of net sales revenue (USD thousand)	For the period of 3 months ended 30 September 2024	For the period of 6 months ended 30 September 2024	For the period of 3 months ended 30 September 2023	For the period of 6 months ended 30 September 2023
Revenues from sales of products	22 612	45 030	19 408	39 262
Change in the balance of liabilities under contracts with customers	(439)	(1 295)	(36)	(632)
Net income from sales	**22 173**	**43 735**	**19 372**	**38 630**

The Group of Companies generates revenues as part of production lines which represent the main products supplied by the Group of Companies and at the same time constitute operating segments.

Product sales revenue by product line	For the period of 3 months ended 30 September 2024	For the period of 6 months ended 30 September 2024	For the period of 12 months ended 31 March 2024	For the period of 3 months ended 30 September 2023	For the period of 6 months ended 30 September 2023
LiveChat	80 802	157 573	305 368	71 845	149 129
ChatBot	5 991	13 039	21 912	5 065	10 054
HelpDesk	2 283	4 958	7 100	1 575	3 105
KnowledgeBase	336	682	969	280	384
TOTAL REVENUES FROM SALES	**89 412**	**176 252**	**335 349**	**78 765**	**162 672**

Almost 95% of the consolidated revenues from sales is generated by the Group through its subsidiary in the USA. This includes the sale of licenses for LiveChat products, ranging from 1 month to 12 months or longer, in the B2B segment, as well as the sale of other products. Sales are based on fixed prices. Other consolidated sales revenues are obtained, among other sources, from the lease of office space and the sale of non-financial fixed assets.

Revenues from sales (geographical structure)	For the period of	For the period of	For the period of	For the period of	For the period of
	3 months	6 months	12 months	3 months	6 months
	30 September 2024	30 September 2024	31 March 2024	30 September 2023	30 September 2023

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Poland		**1 381**	**2 649**	4 829	1 923	3 972
Sales revenues in countries where the share of revenues exceeds 5%:		**40 039**	**79 560**	**150 371**	**30 297**	**62 571**
	USA	26 326	52 317	102 550	5 905	12 195
	UK	7 135	14 030	27 532	24 392	50 376
	Indonesia	6 578	13 213	20 289	-	-
Other*		47 992	94 043	180 149	46 545	96 129
TOTAL REVENUES FROM SALES		**89 412**	**176 252**	**335 349**	**78 765**	**162 672**

*Relates to sales revenues from countries whose revenues do not exceed 5% of revenues and revenues that have not been assigned to any country due to the lack of information about the country – the customer's seat

The Group does not have any significant long-term sales contracts. A single sale is entered in the books at the time of payment for the sale of a license, so there is no risk related to a deferred payment. Owing to the above, there are no estimates in measurement of revenues from sales.
The right to return occurs rather rarely in a changed form. The unused part of the license can be changed, however, it cannot be given back. It is also not possible to return the used license part.

Note 12. Costs of operating activity

Costs by type	**For the period of 3 months ended 30 September 2024**	**For the period of 6 months ended 30 September 2024**	**For the period of 12 months ended 31 March 2024**	**For the period of 3 months ended 30 September 2023**	**For the period of 6 months ended 30 September 2023**
Depreciation/amortization	5 877	11 561	19 369	4 751	9 252
Consumption of materials and energy	234	302	226	65	115
Third party services	33 535	65 345	117 822	29 048	54 658
Costs of employee benefits	1 841	3 791	7 634	1 835	3 880
Other prime costs	1 164	2 269	5 144	1 789	2 644
Foreign exchange differences relating to operating activity	748	(13)	6 296	(87)	1 627
TOTAL COSTS BY TYPE	**43 399**	**83 255**	**156 491**	**37 401**	**72 176**
Cost of goods sold	18 489	34 389	63 606	13 609	28 774
Cost of sales	15 939	32 290	62 730	16 516	30 642
General administrative costs	8 971	16 576	30 155	7 276	12 760
TOTAL OPERATING COSTS	**43 399**	**83 255**	**156 491**	**37 401**	**72 176**

Note 13. Other operating revenues and costs

Other operating revenues consist mainly of re-invoices received for settlements with collaborators. The remaining operating costs primarily include donations and settlements of collaborators' benefits.

Note 14. Financial revenues and costs

Financial revenues	**For the period of 3 months ended 30 September 2024**	**For the period of 6 months ended 30 September 2024**	**For the period of 12 months ended 31 March 2024**	**For the period of 3 months ended 30 September 2023**	**For the period of 6 months ended 30 September 2023**
Interest	3	6	11	3	5

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Excess of positive foreign exchange translation differences over negative foreign exchange translation differences	-	-	109	169	117
TOTAL FINANCIAL REVENUES	**3**	**6**	**120**	**172**	**122**

Financial costs	For the period of 3 months ended 30 September 2024	For the period of 6 months ended 30 September 2024	For the period of 12 months ended 31 March 2024	For the period of 3 months ended 30 September 2023	For the period of 6 months ended 30 September 2023
Interest	-	36	265	140	164
Excess of negative foreign exchange differences over positive foreign exchange differences	130	130	-	-	-
TOTAL FINANCIAL COSTS	**130**	**166**	**265**	**140**	**164**

Note 15. Income tax and deferred tax

Income tax reported in the statement of comprehensive income	For the period of 6 months ended 30 September 2024	For the period of 12 months ended 31 March 2024	For the period of 6 months ended 30 September 2023
Current income tax	**7 571**	**12 479**	**6 389**
Relating to the financial year	7 571	12 479	6 389
Deferred income tax	**(1 069)**	**(156)**	**(393)**
Connected with origination and reversal of temporary differences	(1 069)	(156)	(393)
Tax charge reported in the consolidated statement of comprehensive income	**6 502**	**12 323**	**5 996**

Reconciliation of gross profit to taxable basis is presented below:

Specification	For the period of 6 months ended 30 September 2024	For the period of 12 months ended 31 March 2024	For the period of 6 months ended 30 September 2023
Gross profit (loss)	**92 829**	**178 876**	**90 616**
Differences between gross profit (loss) and the taxable basis (by title)	1 153	2 720	1 493
Taxable income, of which:	93 982	181 596	92 109
Income tax calculated on the basis of the rate applied (both current and deferred tax)	6 502	12 323	5 996
Income tax calculated on the basis of the rate applied, of which:	**6 502**	**12 323**	**5 996**
• *income tax at the rate of 5% (IP Box)*	*3 712*	*7 874*	4 003
• *income tax at the rate of 19%*	*2 790*	*4 448*	1 993

From the financial year 2020/2021 financial year onwards, the Parent Company benefits from the so-called IP Box relief. This relief means application to income generated from qualified property rights of the rate of 5% instead of the standard rate of 19%. However, the provisions concerning corporate income tax frequently change and, as a result, it is difficult to refer to fixed regulations or legal precedents.

In addition, the applicable provisions contain ambiguities which result in different opinions on legal interpretation of tax provisions, both between various state authorities and between state authorities and entrepreneurs.

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Tax and other settlements can be audited by entities which are entitled to impose high fines, and additional liabilities identified during an audit must be paid together with high interest.

As a result of those circumstances, tax risk in Poland is higher than the one that usually exists in other countries where the tax system is well developed. Tax settlements may be inspected for the period of five years. In effect, amounts reported in the financial statements may change at a later date after they have been finally determined by tax authorities.

The difference between the income tax value presented above and the amount indicated in the note to the consolidated statement of comprehensive income is due to a change in the balance of deferred tax.

The structure of deferred income tax assets is presented below:

Specification	**As at 30 September 2024**	**As at 31 March 2024**	**As at 30 September 2023**
Investments in third party fixed tangible assets	13	13	15
Provision for liabilities due to bonuses for the Management Board and provision for cost of audit	87	112	76
Negative exchange rate differences due to receivables	5	4	-
Negative exchange rate differences due to cash	5		
Deferred income (contractual liabilities)	5 954	4 803	4 836
Total	**6 064**	**4 932**	**4 927**

The structure of the deferred income tax liability is presented below:

Specification	**As at 30 September 2024**	**As at 31 March 2024**	**As at 30 September 2023**
Positive foreign exchange differences on cash	-	11	8
TOTAL	**-**	**11**	**8**

Deferred income tax assets and deferred income tax liability are measured with the use of tax rates which, according to available forecasts, will be applied at the time deferred income tax assets will be realized or deferred income tax liability will be reversed.

The current part of the income tax for the period of 6 months ended 30 September 2024 and for the period of 12 months ended 31 March 2024 was determined with the use of the corporate income tax rate of 19% of the taxable basis in respect of income from other sources and the rate of 5% of the taxable basis in respect of income from qualifying intellectual property rights (so-called IP Box).

The current deferred part of the income tax for the period of 6 months ended 30 September 2024 and for the period of 12 months ended 31 March 2024 was determined with the use of the expected corporate income tax rate of 8.01% and 6.87%, respectively.

4. Explanatory notes to the cash flow statement

Note 16. Other adjustments

Other adjustments disclosed in operating activities for the period from 1 April 2024 to 30 September 2024 amounted to PLN (thousand) 1,020. These adjustments are related to the recognition of fixed assets and the presentation of equity in connection with the Parent Company's transition to IAS.

5. Other explanatory notes

Note 17. Financial instruments

Financial instruments by category	As at 30 September 2024		As at 31 March 2024	
	Book value	Fair value	Book value	Fair value
Financial assets	**54 988**	**54 988**	**89 018**	**89 018**
Assets measured at the fair value through the financial result	-	-	-	-
Assets measured at amortized cost, of which:	**54 988**	**54 988**	**89 018**	**89 018**
Own receivables	2 239	2 239	4 157	4 157
Cash	52 749	52 749	84 860	84 860
Assets measured at fair value through profit or loss	-	-	-	-
Financial liabilities	**86 297**	**86 297**	**82 952**	**82 952**
Liabilities measured at amortized cost	86 297	86 297	82 952	82 952

Financial assets measured at amortized cost comprise cash, accounts receivable, and other short-term receivables.
Financial liabilities measured at amortized cost comprise other long-term financial liabilities, long-term customer contract liabilities, accounts payable, current income tax liabilities, other short-term financial liabilities, other short-term liabilities.

Note 18. Benefits to the key managing staff (including remuneration for Members of the Management Board and the Supervisory Board)

Remuneration for Members of the Management Board

Remuneration for Members of the Management Board of Text S.A. collected from 1 April 2024 to 30 September 2024 also comprises a bonus granted by the Supervisory Board for the work of the Management Board and the Company’s performance.

Name and surname	For the period of 6 months ended 30 September 2024	For the period of 6 months ended 30 September 2023
Mariusz Ciepły	2 075	2 242
Urszula Jarzębowska	1 383	1 495
TOTAL	**3 458**	**3 737**
Provision for future bonuses for the Management Board	942	-

As at 30 September 2024, a provision of PLN 942,000 was created for the bonus due to the Management Board for Q2 of the 2024/2025 (30 September 2023: PLN 0).

Remuneration for Members of the Supervisory Board

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In the reporting period, the value of remuneration for Members of the Supervisory Board amounted to PLN 100,000.

Other benefits and unsettled loans and advances to the key managing staff

None.

All transactions with the key managing staff of the Parent Company are carried out on an arm's length basis.

Note 19. Contingent items and other off-balance sheet items

No such events occurred.

Note 20. Employment information

The Group does not employ employees, it only collaborates with business entities on a civil-law contract basis.

Average number of collaborators	For the period of 6 months ended 30 September 2024	For the period of 12 months ended 31 March 2024	For the period of 6 months ended 30 September 2023
Blue-collar collaborators		-	
White-collar collaborators	284	255	264
Total average number of FTEs	**284**	**255**	**264**

Note 21. Description of factors and events, especially of non-typical nature, having an impact on the financial results

In the opinion of the Company's Management Board, in the period from 1 April 2024 to 30 September 2024 there were no major events, including events of non-typical nature, having an impact on the financial results achieved by the Group of Companies.

Note 22. Events after the end of the financial year, not taken into account in the financial statements

Subsequent to the end of the fiscal year until the approval of this report for publication, the Parent Company has not recorded any significant events that would have a material impact on its operations or financial results.

Note 23. Transactions with related entities

During the audited period, the Parent Company entered into transactions with consolidated entity Text Inc. Transactions with Text Inc. have been excluded from the consolidated financial statements.

As part of the cooperation between related Group entities, the Parent Company provides the LiveChat platform (including all the Group's products) to Text Inc. for the distribution of access services to this platform to external customers.
Text Inc. provides promotional and marketing support services, including activities aimed at acquiring and retaining customers using the LiveChat communication platform, issuing invoices and monitoring the implementation of customer receivables, as well as ongoing monitoring of the industry and the competitive environment. All these activities are part of the distribution activities undertaken by Text Inc., in particular on the American market for the benefit of the Company.

Text Inc. provides promotional and marketing services, taking into account the assumptions of the marketing strategy developed by the Parent Company. Activities of Text Inc. are primarily aimed at implementing the strategy with particular emphasis on the American market.

Furthermore, Text Inc. settles with the Parent Company by re-invoicing the costs of purchasing services from external suppliers, mainly from the American market (in particular, this applies to IT services, the direct acquisition of which by an entity not domiciled in the United States is difficult).

The basis of the relationship between the Parent Company and Text Inc. is a business assumption in the form of the Parent Company's willingness to enter the American market with its main product, i.e. the LiveChat communication platform.

Due to objective factors, such as, in particular the specificity of the market, the specificity of the competitive environment, and significant legal differences in the field of this business activity, a company operating on the Polish market wishing to enter the American market would find it significantly difficult or even impossible. Hence the decision to establish a subsidiary company in the territory of the United States – Text Inc. and its close cooperation with the Parent Company.

The Parent Company did not enter into any transactions with related parties other than Text Inc.

The Parent Company did not conclude any transactions with related entities on terms other than market terms.

Note 24. Cyclicality and seasonality of the activities run

No cyclicality or seasonality of sales can be observed in the Group of Companies.

Note 25. Remuneration of the statutory auditor

In the reporting period, the Parent Company paid remuneration to Grant Thornton Polska Prosta S.A. (formerly – Grant Thornton Polska sp. z o.o. sp. k.) in the amount of PLN 83,000.
In a comparable period to the reported period, the Company paid remuneration to Grant Thornton Polska Prosta S.A. (formerly – Grant Thornton Polska sp. z o.o. sp. k.) in the amount of PLN 72,000.

Agreements concluded with the statutory auditor regarding the financial year 2023/2024.

On 23 October 2023, the Parent Company entered into an agreement with the auditing firm Grant Thornton Polska Prosta Spółka Akcyjna (formerly: Grant Thornton Polska sp. z o.o. sp. k.), in which the scope of work of the auditing firm includes the following work for the FY 2023/2024:

- Auditing of the financial statements prepared for the period from 1 April 2023 to 31 March 2024, ending with the issuance of the audit report (the final documents will be translated into English) – the value of remuneration for the auditing firm: PLN 32,000 net;
- Auditing the consolidated financial statements of the Group of Companies prepared for the period from 1 April 2023 to 31 March 2024, ending with the issuance of the audit report (the final documents will be translated into English) – the value of remuneration for the auditing firm: PLN 23,000 net;
- Auditing the separate interim financial statements prepared for the period from 1 April 2023 to 30 September 2023, ending with the issuance of the audit report (the final documents will be translated into English), the value of remuneration for the auditing firm: PLN 19,600 net;
- Review of the consolidated interim financial statements prepared for the period from 1 April 2023 to 30 September 2023, and issuance of the review report (the final documents will be translated into English) – the value of remuneration for the auditing firm: PLN 13,000 net;

- Evaluation of the report on the remuneration of the Management Board and Supervisory Board for the period from 1 April 2023 to 31 March 2024 in terms of including information required by the relevant regulations and preparation of the evaluation report – the value of remuneration for the auditing firm: PLN 11,000 net.

Agreements concluded with the statutory auditor regarding the financial year 2024/2025.

On 23 October 2023, the Parent Company entered into an agreement with the auditing firm Grant Thornton Polska Prosta Spółka Akcyjna (formerly Grant Thornton Polska sp. z o.o. sp.k.), and amended Annex No. 1, signed on 9 July 2024, which outlines the scope of work for the audit firm for the financial year 2024/2025.

- Auditing of the separate financial statements prepared for the period from 1 April 2024 to 31 March 2025, concluding with the issuance of the audit report (the final documents will be translated into English) — the value of the remuneration for the auditing firm: PLN 57,000 net
- Auditing of the consolidated financial statements prepared for the period from 1 April 2024 to 31 March 2025, concluding with the issuance of the audit report (the final documents will be translated into English) — the value of the remuneration for the auditing firm: PLN 23,000 net
- Auditing of the separate interim financial statements prepared for the period from 1 April 2024 to 30 September 2024, concluding with the issuance of the audit report (the final documents will be translated into English) — the value of the remuneration for the auditing firm: PLN 39,600 net
- Review of the consolidated interim financial statements prepared for the period from 1 April 2024 to 30 September 2024, and preparation of the review report (the final documents will be translated into English) – the value of remuneration for the auditing firm: PLN 13,000 net;

Note 26. Objective and principles of risk management

The main financial instruments used by the parent entity and its subsidiaries are cash and short-term deposits. The main objective of those financial instruments is optimization of the financial result of the Group and hedging exchange rate risk. The Group also has other financial instruments, such as accounts receivable and accounts payable, which arise in the course of its operations.
The Group does not trade in financial instruments.

FOREIGN EXCHANGE RISK

Since over 95% of the sales are collected in USD, the Group is exposed to foreign exchange risk due to the transactions made. In the reporting period, the Group did not hedge its sales denominated in foreign currencies. In order to decrease the foreign exchange risk, the Parent Company's Management Board converts received USD to PLN. Moreover, the Management Board regularly monitors USD exchange rate and adapts its pricing policy thereto. Cash denominated in USD is, as compared to cash in PLN, an insignificant element as far as the value is concerned. Furthermore, the sales model based on automatic card payment by the customer and ongoing conversion of USD minimize the foreign exchange risk.

The Group has cash and short-term receivables in PLN and USD (see Note 6 for details). The sensitivity analysis for these balance sheet categories to the risk of changes in foreign exchange rates is presented in the table below.
If the USD/PLN exchange rate at the balance sheet date was PLN 0.05 higher/lower, the value of the indicated assets would be as follows:

Balance sheet category as at 30 September 2024	Value in PLN thousands corresponding to exposure in USD	Increase / decrease in the USD exchange rate	
		+0.05 PLN	-0.05 PLN

Cash			
Short-term receivables			
Balance sheet category as at 31 March 2024	**Value in PLN thousands corresponding to exposure in USD**	**Increase / decrease in the USD exchange rate**	
		+0.05 PLN	**-0.05 PLN**
Cash	11 759	11 896	11 622
Short-term receivables	11 265	11 396	11 134

INTEREST RATE RISK

The Group is exposed to the risk caused by changes in interest rates primarily due to the investment of the generated financial surplus.
The Group has interest-bearing bank accounts where it invests cash in PLN (their value is not material from the point of view of the financial statements). Due to the nature of its operations, the Group has no financial liabilities.

OTHER PRICE RISK

The Group does not use any financial instruments connected with the price risk. The Group is not exposed to other price risk.

CREDIT RISK

The business model adopted by the Group assumes sales completion only when a guarantee of payment is received. The share of customers to whom buyer's credit is granted is hardly 3%. The Management Board of the Parent Company regularly monitors the credit risk of its counterparties. The credit risk related to cash is marginal owing to the reputation and financial stability of financial institutions the Group cooperates with. In view of the above, any estimates concerning expected credit losses are on a very low level. Therefore, the consolidated financial statements do not present any impairment losses in this respect.

LIQUIDITY RISK

Due to the nature of the operations of the Group, this type of risk is not practically important here.
The value of cash exceeded several times the value of short-term liabilities as at the balance sheet dates of 30 September 2024 and 31 March 2024, therefore presentation of an analysis of liquidity risk is waived.

OPERATIONAL RISK

The main type of services purchased are the services of qualified IT specialists. Due to the fact that the Parent Company's operations are conducted in Wroclaw, where there is a large number of qualified IT specialists, and the local University of Technology also provides education related to this profession, the risk of price increases for this type of services is not significant.

The Parent Company's Management Board monitors the level of prices for IT services on an ongoing basis.

Wrocław, 27 November 2024

Mariusz Ciepły
President of the Management Board

Urszula Jarzębowska
Member of the Management Board

Joanna Alwin
Chief Financial Officer