Telelink Business Services Group AD

Separate Interim Financial Statements

For the period 1 January - 30 June 2022

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GENERAL INFORMATION

Supervisory Board (SB)

Hans van Houwelingen – Chair of SB;
Ivo Evgeniev Evgeniev – member of SB;
Boris Nemšić – member of SB.

Management Board (MB)

Ivan Zhitiyanov – Chair of MB and Executive Director;
Teodor Dobrev – member of MB;
Orlin Rusev – member of MB;
Nikoleta Stanailova - member of MB;
Gojko Martinovic - member of MB

Head office and registered Office
Vitosha region, v.a. Malinova dolina, 6 Panorama Sofia Str.,
Business Center Richhill, Block B, 2nd floor
1766 Sofia

Register and registration number
UIC 205744019

Servicing banks
Unicredit Bulbank AD
KBC Bulgaria Bank

Legal consultants
Consult 2002 EOOD
42, Alabin St. fl. 2
Sofia

SEPARATE INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY - 30 JUNE 2022

	Notes	*01 Jan 2022 - 30 Jun 2022 BGN'000*	*01 Jan 2021 - 30 Jun 2021 BGN'000*
Revenue from contracts with customers	3	762	940
Cost of sales	4	(721)	(912)
Gross profit		41	28
Other operating income	7	1	4
General and Administrative expenses	4,5	(329)	(408)
Sales and marketing expenses	4,5	(39)	(11)
Operating profit		(326)	(387)
Finance income	8	13,350	13,456
Finance costs	8	(13)	(21)
Net finance income		13,337	13,435
Profit before tax		**13,011**	**13,048**
Income tax expense	9	(127)	(77)
Profit for the year		**12,884**	**12,971**
Other compehensive income		-	-
Total comprehensive income for the year, net of taxes		**12,884**	**12,971**
Net profit per share in BGN		1,03	1,04

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Ivan Krasimirov Zhitiyanov
Executive Director

Mirela Plamenova Mladenova
Chief Accountant, Preparer

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		at 30 Jun 2022	at 31 Dec 2021
ASSETS	Notes	BGN '000	BGN '000
Non-current assets			
Property, plant and equipment	10	18	20
Intangible assets	11	53	67
Investments in subsidiaries and associates	12	15,846	15,795
Non-current receivables	13	341	341
Deferred tax assets	9	52	52
		16,310	**16,275**
Current assets			
Trade and other receivables	13	12,521	277
Loans granted		684	153
Prepayments		40	16
Cash and cash equivalents	14	829	901
		14,074	**1,347**
TOTAL ASSETS		**30,384**	**17,622**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	12,500	12 500
Legal reserves	15	1,250	981
Other reserves	15	602	602
Other components of equity	15	(11)	40
Retained earnings		15,314	2,699
Total equity		**29,655**	**16,822**
Current liabilities			
Trade and other payables	17	602	800
Income taxes payable		127	-
		729	**800**
TOTAL EQUITY AND LIABILITIES		**30,384**	**17,622**

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Executive Director

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Chief Accountant, Preparer

SEPARATE INTERIM STATEMENT OF EQUITY
FOR THE PERIOD 1 JANUARY - 30 JUNE 2022

	Share Capital *BGN'000*	Legal reserves *BGN'000*	Other reserves *BGN'000*	Retained earnings *BGN'000*	Other components of equity *BGN'000*	Total *BGN'000*
Balance at 01 Jan 2021	**12,500**	**239**	**211**	**1,420**	**40**	**14,410**
Profit for the period	-	-	-	12,971	-	**12,971**
Total comprehensive income	**-**	**-**	**-**	**12,971**	**-**	**12,971**
Transactions with owner recognised in equity						
Reserves distributed	-	742	-	(742)	-	-
Total transactions with owner recognised in equity	**-**	**742**	**-**	**(742)**	**-**	**-**
Balance at 30 June 2021	**12,500**	**981**	**211**	**13,649**	**40**	**27,381**
Balance at 01 Jan 2022	**12,500**	**981**	**602**	**2,699**	**40**	**16,822**
Profit for the period	-	-	-	12,884	-	**12,884**
Total comprehensive income	**-**	**-**	**-**	**12,884**	**-**	**12,884**
Transactions with owner recognised in equity						
Reserves distributed	-	269	-	(269)	-	-
Buy-back of own shares	-	-	-	-	(51)	**(51)**
Total transactions with owner recognised in equity	**-**	**269**	**-**	**(269)**	**(51)**	**(51)**
Balance at 30 Jun 2022	**12,500**	**1,250**	**602**	**15,314**	**(11)**	**29,655**

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Executive Director

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SEPARATE INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 30 JUNE 2022

	Notes	*at 30 Jun 2022* *BGN'000*	*at 30 Jun 2021* *BGN'000*
Operating activities			
Profit before tax		13,011	13,048
Adjustment to reconcile profit (loss) before tax to net cash flows			
Non-cash:			
Net finance costs/income	8	7	21
Dividend income	8	(13,343)	(13,456)
(Gain)/Loss on disposal of property, plant and equipment		(1)	(4)
Depreciation, amortization & impairment	10,11	23	31
Working capital adjustments			
(Increase) / Decrease in trade and other receivables, contract assets		(425)	(68)
Increase / (Decrease) in trade and other payables, contract liabilities		(198)	(392)
Bank charges paid		(9)	(2)
Net cash flows from operating activities		**(935)**	**(822)**
Investing activities			
Purchase of property, plant and equipment	10	(7)	(6)
Proceeds from disposal of property, plant and equipment		1	16
Acquisition of a subsidiary, net of cash acquired		(51)	-
Loans granted	18	(526)	-
Dividends received	18	1,500	2,500
Net cash flows used in investing activities		**917**	**2,510**
Financing activities			
Proceeds from borrowings	16	900	2,585
Repayment of borrowings	16	(900)	(3,685)
Payment of lease liabilities	23	-	(6)
Repurchase of shares	15	(51)	-
Interest paid on borrowings	16	(3)	(22)
Net cash flows from / (used in) financing activities		**(54)**	**(1,128)**
Net increase in cash and cash equivalents		(72)	560
Cash at the beginning of the period		901	73
Cash at the end of the period	14	**829**	**633**

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Date: 2022.08.15 16:45:59 +03'00'

Ivan Krasimirov Zhitiyanov
Executive Director

Mirela Plamenova Mladenova
Chief Accountant, Preparer

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

1. Corporate information

Incorporation

Telelink Business Services Group AD (the Company) was incorporated on 12 July 2019 as a sole-shareholder joint stock company with an owner Telelink Holdings BV (The Netherlands), registered with the Trade Register of the Registry Agency under UIC 205744019. The registered office of the Company is: Vitosha region, v.a. Malinova dolina, 6 Panorama Sofia Str., Business Center Richhill, Block B, 2nd floor, 1766 Sofia, Bulgaria.

Telelink Business Services Group AD is a public company, registered with Financial Supervision Commission on 28 November 2019.

Company shares are traded on the Bulgarian Stock Exchange.

Shareholders

In the period 2020-2021, there were three tranches of public offering of existing Company shares, whereby three of the shareholders existing as such prior to the offering sold on the Bulgarian Stock Exchange (the BSE) a total of 2,625,000 shares, representing 21% of the Company's registered capital.

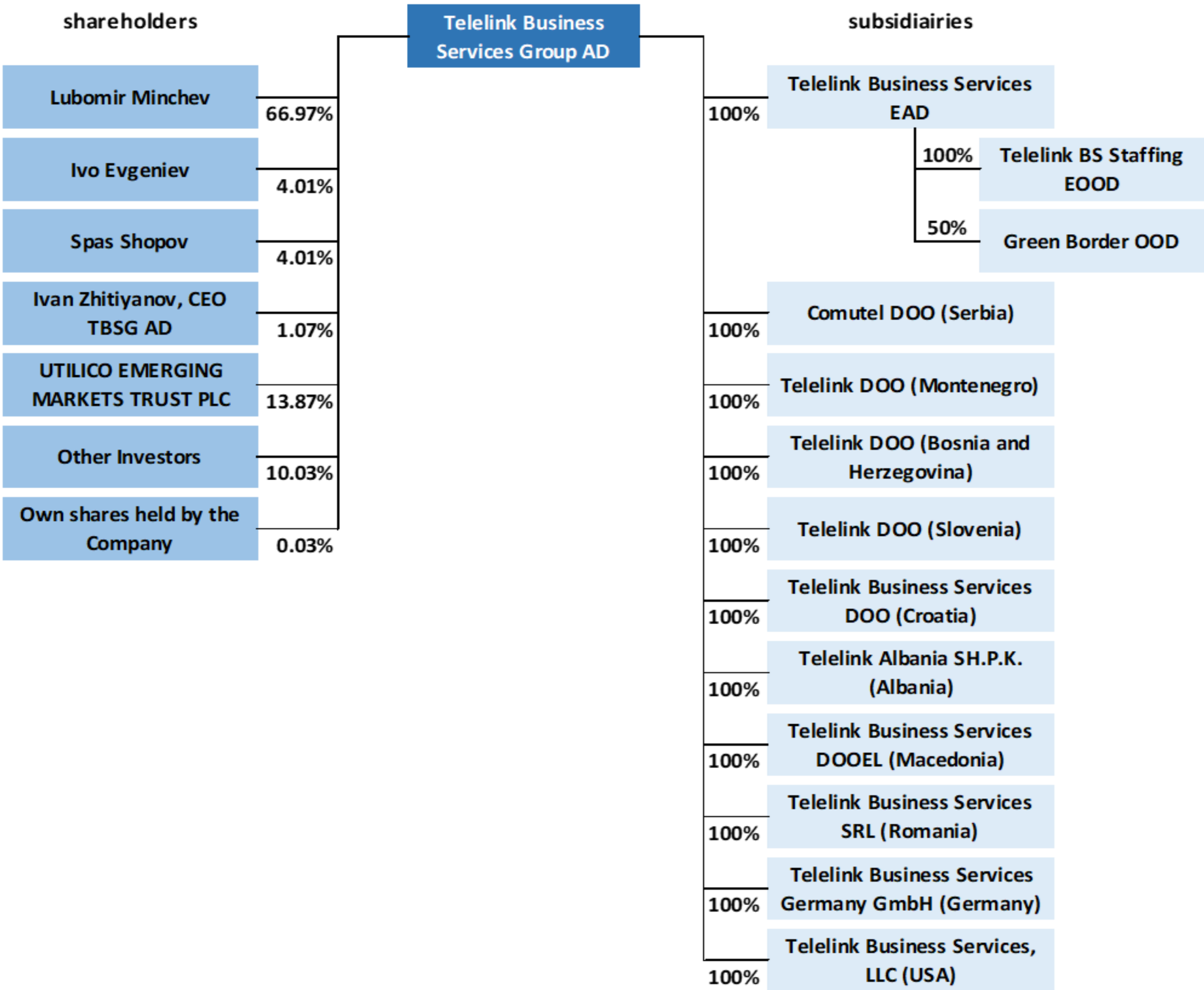
Pursuant to share buybacks for the purposes of employee incentive programs, as of June 30 2022, the Company held 4,230 own shares representing 0.03% of its registered capital, 3,874 of which were acquired in the second quarter of 2022 in accordance with a resolution of the MB for the purchase of up to 42,000 shares from May 25 2022.

As of June 30 2022, the persons holding over 5% of the Company's capital were Lubomir Minchev with a stake of 8,371,678 shares or 66.97% and Utilico Emerging Markets Trust PLC (UK) with a stake of 1,733,837 shares or 13.78%.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

1. Corporate information (continued)

Shareholding structure and Group structure as at 30 June 2022 are shown below:



Business

The main commercial activity includes the provision of consulting services and management services provided to the Group's subsidiaries. The scope of these services comprises business development services, including product positioning and presentation of the products and services to potential customers, consultancy on the development of potentially new products, services and functionality, management services such as assistance in taking strategic decisions, setting up goals and strategies, development and implementation of policies and management principles, financial management services, including business planning, consulting on the form and quality of financial reporting and audit, financial results tracking and analysis, and advising on improving effectiveness and profitability, human resource consultancy, advice on legal matters, consulting and PR services, services in the area of marketing, etc.

The Company had a two-tier management structure as at 30 June 2022: Management Board and Supervisory Board. The operative management is carried out by the Management Board. Those charged with governance include the members of the Supervisory Board. The average number of staff at 30 June 2022 was 28 (2021: 32).

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.1 Basis of preparation

These financial statements have been prepared on a historical cost basis.

The interim financial statements are prepared for the six months ended 30 June 2021 and are presented in Bulgarian leva (BGN), which is the Company's functional currency. All values are rounded off to the nearest thousand (BGN' 000) except when otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU). The reporting framework "IFRS, adopted by EU" in its essence is the national accounting basis IAS, adopted by EU, settled in the Accountancy Act and defined in p.8 in its Additional Provisions.

The concept of going concern

The interim financial statements as of 30th of June 2022 have been prepared on the going concern basis, which assumes that the Company will continue to exist in the foreseeable future. The principle of preparation implies that the company will continue to accomplish its assets and fulfill its obligations in the normal course of its activities. The future financial results of the Company depend on the wider economic environment in which the Group operate. In spite of the general subsiding of the COVID-19 pandemic and the tendency towards the relaxation or discontinuation of anti-epidemic measures, the Issuer and its subsidiaries remain exposed to the ongoing repercussions of the epidemic. At the same time, there also remain significant factors counter-balancing the above risks, including the acceleration of public spending on technological development and modernization and economic support of the economy as a whole, as well as a tendency of significant acceleration of private sector investments in digitalization and digital transformation. The potential impact of the above factors on the Group's sales and financial results has been accounted for as a part of the current and future factors of the economic environment in the current budgets and mid-term development plans.

Consequent to the escalation of the military conflict between Russia and Ukraine since February 2022, the first six months of the year was marked by growing geopolitical tension, as well as by various economic repercussions. The Company have no direct exposure to related parties, clients and/or suppliers from the countries involved in the conflict. Therefore, the Company is not deemed to be directly exposed to risks arising from the above events.

Nevertheless, the Company's management will continue to monitor the situation's development on a day-to-day basis, with a view to the timely identification of actual and potential adverse effects and the undertaking of all possible measures towards the limitation of their impact in due course.

As at 30 June 2022, the current asset of the Company exceed its current liabilities.

The management, taking into account the above-mentioned facts, has concluded that there are no material uncertainties that may cast significant doubt in the Company's ability to continue to operate as a going concern and thus it is appropriate to prepare the financial statements of the Company for the period ending 30 June 2022 on a going concern basis.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.2 Significant accounting judgements, estimates and assumptions

Consolidated financial statements

Telelink Business Services Group AD will prepare consolidated financial statements under IFRS, adopted by the EU, which comprises the financial statements of all subsidiaries - Telelink Business Services EAD (Bulgaria), Comutel DOO (Serbia), Telelink DOO (Montenegro), Telelink DOO (Bosnia and Herzegovina), Telelink DOO (Slovenia), Telelink Business Services DOOEL (Macedonia), Telelink Albania SH.P.K. (Albania), Telelink Business Services DOO (Croatia), Telelink Business Services LLC (USA), Telelink Business Services SRL (Romania), Telelink Business Services Germany GmbH (Germany).

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the changes become known.

Judgements

In the process of applying the accounting policies of the Company, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Retirement benefit liability

The retirement benefit liability is determined by the Company using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, personnel turnover rates and mortality rates. Due to the long-term nature of retirement benefits, these assumptions are subject to significant uncertainty. At 30 June 2022, due to the immaterial number and young age of staff, the Company accrued no provision for retirement benefits.

Impairment of investments

Investments held by the Group are subject to annual test for impairment. There are no indicators that the investments are impaired as ta 30 June 2022.

2.3 Summary of significant accounting policies

Foreign currency translation

The financial statements have been prepared in Bulgarian leva (BGN), which is the Company’s functional and reporting currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency at the rate of exchange ruling at the reporting date. Any differences are taken to the statement of comprehensive income. Non-monetary assts and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the exchange rate as at the date of the initial transaction.

2.3 Summary of significant accounting policies (continued)

Property, plant and equipment

Plant and equipment are stated at cost, net of any accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the machinery and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the machinery and equipment as a replacement if the recognition criteria are satisfied. Any other repair and maintenance costs are recognised in the statement of profit or loss in the period in which they were incurred.

Subsequent to initial recognition as an asset, a machinery or equipment should be stated at cost, net of any accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Type of the asset	Useful life in years
Computers	2 years
Machinery and equipment	3.33 years
Motor vehicles	4 years

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these two conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.3 Summary of significant accounting policies (continued)

Intangible assets (continued)

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into a research phase and a development phase. If the Company cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the entity treats the expenditure on that project as if it were incurred in the research phase only. Development costs are recognised for assets if the Company has control and expects future economic benefits from it.

The useful life of the intangible assets is assessed to be finite.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Type of asset	Useful life in years
Other assets	Within the contract period

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is classified by function in the income statement, depending on the use of the intangible asset.

Investments in subsidiaries

All investments in subsidiaries are stated in the separate financial statements at cost less any accumulated impairment losses.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.3 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses on continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For all non-financial assets, the Company assesses whether there are indications that the impairment loss on an asset other than goodwill recognised in prior periods may no longer exist or may have decreased. If such indications exist, the Company determines the recoverable amount of the asset or cash-generating unit. An impairment loss is reversed only when there has been a change in the estimates used to determine the recoverable amount of the asset after recognition of the last impairment loss. If that is the case the carrying amount of the asset is increased to its recoverable amount. The reversal of an impairment loss is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount, after deduction of amortisation, that would have been determined had no impairment loss been recognised for asset in previous periods. The reversal of an impairment loss is recognised in the income statement for the year.

Financial instruments - initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section *Revenue from contracts with customers*.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2.3 Summary of significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 2.2)
  Trade receivables, including contract assets (Note 13)

2.3 Summary of significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through other comprehensive income, the Company applies the low credit risk simplification.

Impairment of financial assets

At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

The Company considers a financial instruments in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3 Summary of significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured by the Company at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.
This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 16.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Provisions

General

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

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.3 Summary of significant accounting policies (continued)

Employee benefits

Short-term employee benefits include salaries, interim and annual bonuses, social security contributions and paid annual leave of current employees expected to be settled wholly within twelve months after the end of the reporting period. They are recognized as an employee benefit expense in the profit or loss or included in the cost of an asset when service is rendered to the Company and measured at the undiscounted amount of the expected cost of the benefit.

State social security plan

All employees of the Bulgarian entities are members of the Bulgarian Social Security Plan. In the normal course of business, the Company makes payments to the National Social Security Fund and National Health Insurance Fund based on employee's remuneration, at rates determined by the Bulgarian Social Security Code. The share of the Company in the social security contributions is treated as payments made under a defined contribution plan and is recognized as expense at the time when incurred. Under the State Social Security Plan, all related risks are assumed by the employees. The Company bears no other obligation.

Retirement benefits

The Company operates a defined benefit plan arising from the requirement of the Bulgarian labour legislation to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the Company for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. These retirement benefits are unfunded.

The cost of providing benefits under the retirement benefit plan is determined by the Company using the actuarial projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Interest expense is calculated by applying the discount rate to the retirement benefit liability. The changes in the defined benefit obligation are recognized by the Group in profit or loss for the period and are presented as follows:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements within "Emplyee benefit expense";
- Net interest expense or income within "Finance costs".

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.3 Summary of significant accounting policies (continued)

Share capital and reserves

Telelink Business Services Group is a shareholding company and is obliged to register with the Trade register certain level of share capital that will act as a collateral to the creditors. Shareholders meet obligations of the Company up to their own shareholding and can claim refund of their shareholding only during liquidation or insolvency proceedings. The share capital is presented as the nominal value of the issued and paid shares.
According to the Commercial act regulations the Company is obliged to set aside Legal reserves.

Shares bought back are presented in the statement of financial position at cost and are deducted from equity. The net effect of the shares bought back and their transfer to employees within the share-based payments plans in the Group is presented directly in the *Other components of equity* of the Company.

Share-based payments

Employees and members of the Managing board of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Equity instruments transferred are measured by their fair value at grant date. The fair value of the share-based payment considerations under conditions, that have not vested, is measured to reflect the conditions and to exclude any differences between expected and actual results. The cost of equity-settled transactions is recognized, together with the corresponding increase in the equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

Revenue from contracts with customers

The Company's activity includes the provision of services relating to corporate and business development of subsidiaries, including assistance in taking strategic decisions, financial management services, including business planning, human resource consultancy, advice on legal matters. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.2.

Provisions of services

The company provides management and business consulting services to subsidiaries. The Company recognizes the services as a single performance obligation and recognizes revenue from them over time as the client simultaneously receives and consumes the benefits provided by the Company. The Company uses an input method – it monitors costs incurred compared to the total amount of resources to be input in order to measure progress towards complete satisfaction of the service.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.3 Summary of significant accounting policies (continued)

Revenue from contracts with customers(continued)

Significant financing component

In certain cases, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Cost to obtain a contract / Contract performance costs

Additional costs to obtain a contract (e.g., sales commissions paid to employees) and certain contract performance costs may be recognized as an asset if certain criteria are met. These capitalized assets - contract costs should be depreciated on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer.

If contract performance costs occur, they are presented as a separate class of assets in the statement of financial position and their amortization - in the cost of sales, changes in contract costs or a similar position.

Capitalized contract costs are reviewed for impairment at the end of each reporting period. Impairment losses are recognized in profit or loss.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.3 Summary of significant accounting policies (continued)

Revenue from contracts with customers(continued)

Interest

Interest income is recognized as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend income

Income is recognized when the Company's right to receive the payment is established.

Dividends

A liability to make cash or non-cash distributions to the equity owners of the parent company is recognized when the distribution is authorised (ie authorised by the shareholders) and is no longer at the discretion of the Company. A corresponding amount is debited directly to equity.

Lease

The determination of whether an arrangement is, or contains, a lease is made at inception date. And namely, whether the arrangement conveys a right to use the asset for a certain period of time.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases (ie leases with a lease contract term of less than 12 months) and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles and other equipment 4 years

2.3 Summary of significant accounting policies (continued)

Lease (continued)

Right-of-use assets (continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented in Property, plant and equipment. Additional information is available in Note 10.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low- value assets are recognized as expense on a straight-line basis over the lease term.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.3 Summary of significant accounting policies (continued)
Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.3 Summary of significant accounting policies (continued)

Taxes (continued)

Deferred tax (continued)

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement for the year.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenue, expenses, and assets are recognized net of the amount of sales tax except:
- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.4 Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022
2.4 Standards issued but not yet effective and not early adopted (continued)

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.
A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 on or before the date it first applies IFRS 17. It is not expected that the standard would impact the financial position or performance of the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In July 2021 the Board tentatively decided to propose several amendments to the clarifications made in January 2020. In particular, the Board decided to propose that if a right to defer settlement for at least twelve months is subject to an entity complying with conditions after the reporting date, those conditions do not affect whether the right to defer settlement exists at the reporting date for the purpose of classifying a liability as current or non-current. Additional presentation and disclosure requirements would be applicable in such circumstances. Furthermore, the Board tentatively decided to defer the effective date to no earlier than 1 January 2024 (from 1 January 2023).
The amendments have not yet been endorsed by the EU. The Group will analyze and assess the impact of the new amendments on its financial position or performance.

Amendments to IFRS 3 Business combinations
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.4 Standards issued but not yet effective and not early adopted (continued)

Amendments to IFRS 3 Business combinations (continued)

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018). The Group will analyse and assess the impact of the new amendments on its financial position or performance.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group will analyse and assess the impact of the new amendments on its financial position or performance.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied prospectively. The Group will analyse and assess the impact of the new amendments on its financial position or performance.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. It is not expected that the amendments would impact the financial position or performance of the Group.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

2.4 Standards issued but not yet effective and not early adopted (continued)

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will analyse and assess the impact of the new amendments on its financial position or performance.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. It is not expected that the amendments would impact the financial position or performance of the Group.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint. The amendments have not yet been endorsed by the EU. The Group will analyse and assess the impact of the new amendments on its financial position or performance.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

2.4 Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (continued)
The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. The amendments have not yet been endorsed by the EU. The Group will analyze and assess the impact of the new amendments on its financial position or performance.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The aspect of the definition for the accounting estimates that changes in accounting estimates may result from new information or new developments is retained by the Board.
The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The amendments have not yet been endorsed by the EU. The Group will analyse and assess the impact of the new amendments on its financial position or performance.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement whether such deductions are attributable for tax purposes to the liability recognised in the financial statements or to the related asset component. This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.
Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.
The amendments are effective for annual reporting periods beginning on or after 1 January 2023. An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments have not yet been endorsed by the EU. The Group will analyse and assess the impact of the new amendments on its financial position or performance.

3. Revenue from contracts with customers

	01 Jan 2022 - 30 Jun 2022 *BGN '000*	01 Jan 2021 - 30 Jun 2021 *BGN '000*
Type of product		
Services	762	940
	762	**940**
Geographical markets		
Bulgaria	710	911
Other European countries	14	5
Counties outside Europe	38	24
	762	**940**
Timing of revenue recognition		
Over time	762	940
	762	**940**

The geographical information on revenue from the sale of products and provision of services is based on the customer's location.

Performance obligations

Information on the Company's performance obligations is summarised below:

Services

Performance obligation is satisfied over time. Payment is due after the service is completed and accepted by the customer.

Revenue consists of services relating to corporate and business development of subsidiaries, including assistance in taking strategic decisions, financial management services, human resource consultancy, advice on legal matters, advice, and services in the area of marketing.

The revenue of BGN 762 thousand (2021: BGN 940 thousand) represents revenue from contracts with customers within the meaning of IFRS 15 Revenue from contracts with customers.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

4. Expenses by nature, employee benefit expenses

Expenses by nature

	01 Jan 2022 - 30 Jun 2022 BGN '000	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Raw materials and consumables	(1)	(2)
Hired services	(182)	(276)
- incl. from Group companies	*(63)*	*(78)*
Employee benefit expenses	(868)	(1,015)
Depreciation and amortisation	(23)	(31)
Other, including Cost of goods sold	(15)	(7)
Total cost of sales, sales and marketing, general and administrative expenses	**(1,089)**	**(1,331)**

Employee benefit expenses

	01 Jan 2022 - 30 Jun 2022 BGN '000	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Salaries	(799)	(935)
Social security contributions	(69)	(80)
	(868)	**(1,015)**

5. General and administrative expenses

	01 Jan 2022 - 30 Jun 2022 BGN '000	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Employee benefit expenses	(263)	(260)
Depreciation & amortization	(1)	(1)
Consulting services	(11)	(82)
Office rent and utilities	(10)	(7)
Representative expenses	(2)	-
Other	(42)	(58)
	(329)	**(408)**

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

6. Sales and marketing expenses

	01 Jan 2022 - 30 Jun 2022 BGN '000	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Employee benefit expenses	(1)	(10)
Consulting and agency services	(25)	-
Other	(13)	(1)
	(39)	**(11)**

7. Other operating income / (expenses)

	01 Jan 2022 - 30 Jun 2022 BGN '000	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Other operatring income		
Gain on disposal of property, plant and equipment	1	4
	1	**4**

8. Finance income and finance costs

	01 Jan 2022 - 30 Jun 2022 BGN '000	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Finance costs		
Interest on financing	(3)	(19)
Foreign exchange loss	(1)	-
Other financial costs	(9)	(2)
	(13)	**(21)**

Financial income		
Interest income - loans granted	5	-
Foreign exchange gain	2	-
Dividend income	13,343	13,456
	13,350	**13,456**

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

9. Income tax

The major components of income tax expense for the periods ended 30 June are:

Income tax recognised in profit or loss	*01 Jan 2022 - 30 Jun 2022 BGN '000*	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Current income tax		
Current income tax charge	(127)	(77)
Deferred income tax	-	-
Relating to origination and reversal of temporary differences		
Income tax expense reported in the income statement	**(127)**	**(77)**

The corporate income tax rate of the Company for 2022 is 10% (2021: 10%).

The reconciliation between the income tax expense applicable to the pre-tax accounting profit at the statutory tax rate and the income tax expense at the effective for the Company income tax rate for 2022 and 2021 is as follows:

Reconciliation of income tax to the accounting profit as follows:	*01 Jan 2022 - 30 Jun 2022 BGN '000*	*01 Jan 2021 - 30 Jun 2021 BGN '000*
Accounting profit/(loss) before income tax from continuing operations	13,011	13,048
Accounting profit / (loss) before income tax	**13,011**	**13,048**
Income tax rate	10,00%	10,00%
At blended corporate income tax rate 10% (2017: 10%)	(1,301)	(1,305)
Net effect of permanent differences	1,174	1,228
	(127)	**(77)**
At the effective income tax rate of:	1%	1%
Income tax reported in the financial statements	(127)	(77)
	(127)	**(77)**

There are no movements in the temporary differences during the period 01 January – 30 June 2022 and 01 January – 30 June 2021.

10. Plant and equipment

31 Dec 2021	Right-of-use assets	Machinery & equipment	Computers	Total
Cost	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance at 01 Jan 2021	61	12	63	**136**
Additions	-	-	13	**13**
Disposals	(61)	-	(21)	**(82)**
Balance at 31 Dec 2021	-	12	55	**67**
Accumulated depreciation:				
Balance at 01 Jan 2021	(12)	(4)	(28)	**(44)**
Depreciation for the year	(6)	(3)	(21)	**(30)**
Disposals	18	-	9	**27**
Balance at 31 Dec 2021	-	(7)	(40)	**(47)**
Net book value at 01 Jan 2021	**49**	**8**	**35**	**92**
Net book value at 31 Dec 2021	**-**	**5**	**15**	**20**

30 Jun 2022	Right-of-use assets	Machinery & equipment	Computers	Total
Cost	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance at 01 Jan 2022	-	12	55	**67**
Additions	-	-	7	**7**
Disposals	-	-	(7)	**(7)**
Balance at 30 Jun 2022	-	12	55	**67**
Accumulated depreciation:				
Balance at 01 Jan 2022	-	(7)	(40)	**(47)**
Depreciation for the year	-	(1)	(8)	**(9)**
Balance at 30 Jun 2022	-	(8)	(41)	**(49)**
Net book value at 01 Jan 2022	**-**	**5**	**15**	**20**
Net book value at 30 Jun 2022	**-**	**4**	**14**	**18**

The Company carried out an impairment testing as at 31 December 2021. There were no indicators that the carrying amount of the tangible assets exceeded their recoverable amount and, as a result, no impairment loss was recognized in the financial statements.

Geographical information

All machinery and equipment owned by the Company are located in Bulgaria.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

11. Intangible assets

31 Dec 2021	**Other**	**Total**
Cost	***BGN'000***	***BGN'000***
Balance at 01 Jan 2021	145	**145**
Balance at 31 Dec 2021	145	**145**
Accumulated amortization:		
Balance at 01 Jan 2021	(52)	**(52)**
Amortization for the year	(26)	**(26)**
Balance at 31 Dec 2021	(78)	**(78)**
Net book value at 01 Jan 2021	**93**	**93**
Net book value at 31 Dec 2021	**67**	**67**

30 Jun 2022	**Other**	**Total**
Cost	***BGN'000***	***BGN'000***
Balance at 01 Jan 2022	145	**145**
Balance at 30 Jun 2022	145	**145**
Accumulated amortization:		
Balance at 01 Jan 2022	(78)	**(78)**
Amortization for the year	(14)	**(14)**
Balance at 30 Jun 2022	(92)	**(92)**
Net book value at 01 Jan 2022	**67**	**67**
Net book value at 30 Jun 2022	**53**	**53**

Other intangible assets represent brand concept.

The Company carried out an impairment testing as at 31 December 2021. There were no indicators that the carrying amount of the intangible assets exceeded their recoverable amount and, as a result, no impairment loss was recognized in the financial statements.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

12. Investments in subsidiaries

Name of the subsidiary	at 30 Jun 2022 *BGN'000*	at 31 Dec 2021 *BGN'000*
Telelink Business Services EAD (Bulgaria)	6,400	6,400
Comutel DOO (Serbia)	8,303	8,303
Telelink DOO - Podgorica (Montenegro)	530	530
Telelink DOO (Bosnia and Herzegovina)	354	354
Telelink DOO (Slovenia)	113	113
Telelink Albania Shpk (Albania)	20	20
Telelink Business Services d.o.o (Croatia)	20	20
Telelink Business Services DOOEL Skopje	19	19
Telelink Business Services S.R.L. (Romania)	19	19
Telelink Business Services S.R.L. (USA)	19	17
Telelink Business Services Germany GmbH (Germany)	49	-
	15,846	**15,795**

As a consequence of the reorganization that entered into force on 14 August 2019, investments in subsidiaries in the “Business services” business line were separated into the Company, representing 100% of the capital of the following companies: Telelink Business Services EAD (Bulgaria), Comutel DOO (Serbia), Telelink Business Services Montenegro DOO (Montenegro), Telelink DOO (Bosnia and Herzegovina), Telelink DOO (Slovenia), and 90% of the capital of Telelink Albania SH.P.K (Albania).

Telelink Business Services DOOEL (Macedonia) was incorporated on 30 September 2019 as a 100%-owned subsidiary.

In February 2020 the shareholding of the capital of Telelink Albania SH.P.K (Albania) was increased from 90% to 100%.

Telelink Business Services DOO (Croatia) was incorporated on 27 November 2020 as a 100%-owned subsidiary.

Telelink Business Services, LLC (USA) (TBS USA), established by the Company on 8 January 2021 as a 100%-owned subsidiary.

Telelink Business Services SRL (Romania) (TBS Romania), established by the Company on 11 November 2021 as a 100%-owned subsidiary.

Telelink Business Services Germany GmbH (Germany), established by the Company in January 2022 as a 100%-owned subsidiary.

13. Trade and other receivables and contract assets

	at 30 Jun 2022 *BGN'000*	at 31 Dec 2021 *BGN'000*
Trade receivables from related parties, gross	678	224
Trade receivables	**678**	**224**
Dividend and other receivables from related parties	12,184	341
Other receivables	-	53
Trade and other receivables	**12,862**	**618**

13. Trade and other receivables and contract assets

Trade receivables are from related parties only and are collectable. The Company does not expect to realise credit losses. Terms and conditions applicable to related party receivables are disclosed in Note 18 “Related party disclosures”.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Other receivables from related parties amounting to BGN 12,184 thousand (2021: BGN 341 thousand) comprise from non-current BGN 341 thousand related to *share-based payment long-term incentive Programme for management and key personnel within the Group* and short-term BGN 11,843 dividends receivable. (Note 19)

As at 30 June 2022 and 31 December 2021, ageing analysis of trade receivables and contract assets is presented in the table below:

		Past due but not impaired					
at 30 Jun 2022	**Current**	**< 30 days**	**31-60 days**	**61 - 90 days**	**91 - 180 days**	**> 181 days**	**Total**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Expected credit loss rate	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Receivables from related parties, gross	635			39	4		**678**
- incl. from Group companies	*635*	*-*	*-*	*39*	*4*	*-*	***678***
Total trade receivables and contract assets	**635**	**-**	**-**	**39**	**4**	**-**	**678**

		Past due but not impaired					
at 31 Dec 2021	**Current**	**< 30 days**	**31-60 days**	**61 - 90 days**	**91 - 180 days**	**> 181 days**	**Total**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Expected credit loss rate	0,0%	0,0%	0,0%	0,0%	0,0%	0,000%	
Receivables from related parties, gross	220	4					**224**
- incl. from Group companies	*220*	*4*				*-*	***224***
Total trade receivables and contract assets	**220**	**4**	**-**	**-**	**-**	**-**	**224**

14. Cash and cash equivalents

	at 30 Jun 2022	***at 31 Dec 2021***
	BGN '000	***BGN '000***
Cash and cash equivalents in hand	1	1
Cash and cash equivalents in current accounts	502	573
Cash and cash equivalents in accounts subject of special conditions	301	301
Short-term deposits	25	26
	829	**901**

Short-term deposit line represents a deposit made with investment broker Elana Trading during 2020 for the purpose of the buy-back of shares of the Company.

15. Share capital and reserves

	30.06.2022	***31.12.2021***
Registered capital	***shares***	***shares***
Ordinary shares of BGN 1 each	12,500,000	12,500,000
	12,500,000	12,500,000
	shares	***shares***
Ordinary shares issued, fully paid-in	12,500,000	12,500,000

The Company has a registered capital in the amount of BGN 12,500 thousand divided in 12,500,000 common shares with a nominal value of BGN 1.00 each.

Reserves nature and purpose

Reserves comprise of legal reserves as at 30 June 2022 at the amount of BGN 1,250 thousand (31 December 2021: BGN 981 thousand).

Legal reserves

Legal reserves are formed from retained earnings in accordance with the statutory requirements and can be used to offset future losses and foreign currency gains / losses. Legal reserves are subject to distribution, with the exception of an amount representing 10% of the Company's share capital. Pursuant to article 246 of the Commercial Act, obliging joint stock companies, such as the Company, to set aside a reserve, legal reserves should be set aside until they reach one tenth of the company's registered capital. The sources of funding these reserves may be at least one tenth of the profit, share premiums or stocks and bonds upon their issuing, and other sources provided for by the statutes of the Company or by resolution of the General Meeting of Shareholders. There are no other restrictions imposed on them.

Other reserves

In 2020 the Company establishes *one-off share-based payments incentive Procedure for employees (the Procedure), long-term share-based payment incentive Programme for managemen*t *and key personnel (the Programme)* and *share-based payment incentive Scheme for members of the Managing board (the Scheme)*. In 2021 the Company establishes new identical to the previous Programme and Scheme that will follow a new three-year period.

The Procedure and the Programme are applicable as well as for a Company employees and employees of the subsidiaries. (Note 23).

The increase in Other reserves equals the expense on individual level of the Company at the amount of BGN 115 thousand (2021: BGN 60 thousand) related to the Scheme and BGN 51 thousand (2021: BGN 35 thousand) related to the *Programme* together with related party receivables at the amount of BGN 225 thousand (2021: BGN 116 thousand) related to share-based payment during the year according to the *Programme*.

15. Share capital and reserves (continued)

Other components of equity

	Number of shares	*Share capital net of shares bought back BGN '000*
2021		
At the beginning of the reporting period	(356)	40
Shares bought back on market	-	-
Share -based payments	-	-
Buy-back transaction costs		-
At the end of the reporting period	***(356)***	***40***
2022		
At the beginning of the reporting period	(356)	40
Shares bought back on market	(3 874)	(51)
Share -based payments		-
Buy-back transaction costs		-
At the end of the reporting period	***(4 230)***	***(11)***

After executing the Procedure for one-off stimulation of the employees of the Group in December 2020 the Company continue to own 356 own shares as at 31 December 2021. In the first half of 2022 3,874 shares were bought-back in accordance with a resolution of the MB for the purchase of up to 42,000 shares from May 25 2022.

Retained earnings

According to a resolution of the GMS dated June 29, 2022, the 2021 retained earnings were distributed as BGN 269 thousand were transferred to legal reserves, according to the Commercial Code, and the remainder after the 6-month dividend distribution of BGN 9,572 thousand, of BGN 2,429 thousand is shown as retained earnings.

Retained earnings after the listed deductions as at 30 June 2022 are BGN 15,314 thousand (2021: BGN 2,699 thousand).

16. Interest-bearing loans and borrowings

	Effective interest rate %	***at 30 Jun 2022 BGN '000***	***at 31 Dec 2021 BGN '000***
Group companies		**-**	**-**
Interest-bearing loans from related paries	2,25%	-	-

On 02 September 2019, the Company concluded a Cash loan contract with the subsidiary Telelink Business Services EAD. The limit to be utilised by the Company is BGN 4,000 thousand and it has a revolving nature, as the loan can be utilised and repaid repeatedly within this limit. No specific purpose of the loan is set under the contract, and it may be utilised freely to satisfy the needs of the Company. No collateral is stipulated and respectively, provided under the contract.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 JUNE 2022

16. Interest-bearing loans and borrowings (continued)

The interest rate due under the contract is fixed at 2.25%. According to Annex 1, the term of repayment of all liabilities of the Company is 31 December 2021.
Cash loan agreement from March 23 2022 between TBS EAD (lender) and TBS Group (borrower) with a revolving limit of BGN 1,000 thousand, granted under the terms of partial utilization and repayment, with an initial full repayment deadline until March 23 2023 and an interest rate of 2.25% p.a. on the utilized part of the limit. As of June 30 2022, corresponding obligations were fully repaid.

Reconciliation of the movement of liabilities to cash flows from financing activity:

	at 30 Jun 2022 *BGN'000*	*at 31 Dec 2021* *BGN'000*
Interest-bearing loans and borrowings at 01 January	-	1,103
Proceeds from borrowings	900	2,685
Repayments of borrowings	(900)	(3,785)
Interest expense	3	19
Interest paid	(3)	(22)
Interest-bearing loans and borrowings at the end of the reporting period	-	-

On 15th February 2022 the Company has signed an overdraft agreement with Raiffeisenbank (Bulgaria) EAD with the following parameters:

- Overdraft up to EUR 2 000 000, with a drawdown period until 27th February 2026 and a repayment period until 31.07.2022;
- Conditional bank loan up to EUR 2 000 000, with a drawdown period no later than 27th February 2026;

All limits can be drawdown in BGN, EUR or USD, at the applicable interest rates of reference rate + 1.5%, 1 month EURIBOR + 1.5% and 1 month LIBOR + 1.5%, but not less than 1.5% (regardless of the drawdown currency).

Collaterals, provided under the agreement continue to include:
- pledge of receivables on bank accounts;
- pledge of present and future receivables under trade contracts of TBSG AD with its subsidiaries;
- surety by TBS AD

As of June 30 2022 the Company does not have any liabilities towards the overdraft.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

17. Trade and other payables

	at 30 Jun 2022	*at 31 Dec 2021*
	BGN'000	***BGN'000***
Trade payables to related parties	16	20
Trade payables to third parties	12	22
Trade payables	**28**	**42**
Tax and other statutory liabilities	140	81
Dividend and other payables related parties	301	320
Payables to personnel	133	357
Trade and other payables	**602**	**800**

Trade payables are non-interest bearing and are normally settled on 30-60-day terms.

Tax liabilities are non-interest bearing and are settled within the statutory deadlines.

Dividend payable represent unclaimed distributed dividend from a shareholder.

Other payables to related parties as at 31 December 2021 represent capital due for newly formed subsidiary in Romania – Telelink Business Services SRL.

Other payables are non-interest bearing and have an average term of 30 days.

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

18. Related party disclosure

The following companies are related parties:

Group companies

Name	Nature of relationship	Affected Group companies
Telelink Business Services EAD (Bulgaria)	Subsidiary of	Telelink Business Services Group AD - 100%
Comutel DOO (Serbia)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Business Services Montenegro DOO (Montenegro)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink DOO (Bosnia and Herzegovina)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink DOO (Slovenia)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Albania SH.P.K. (Albania)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Business Services DOOEL (Macedonia)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Business Services DOO (Croatia)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Business Services LLC (USA)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Business Services SRL (Romania)	Subsidiary of	Telelink Business Services Group AD - 100%
Telelink Business Services Germany GmbH (Germany)	Subsidiary of	Telelink Business Services Group AD - 100%

Other related parties

Name	Nature of relationship
Telelink Bulgaria EAD (Bulgaria)	Under joint control
Telelink Infra Services EAD (Bulgaria)	Under joint control
Secnet AD (Bulgaria)	Under joint control
Telelink Services Romania SRL (Romania)	Under joint control
Telelink Infra Services SHPK (Albania)	Under joint control
Telelink MK DOOEL (North Macedonia)	Under joint control
Telelink MK DOOEL - branch Kosovo (Republic of Kosovo)	Under joint control
Telelink UK Limited (United Kingdom)	Under joint control
Telelink GmbH (Germany)	Under joint control
Marifons Holdings Limited (Cyprus)	Under joint control
V-Investment Holdings B.V. (Netherlands)	Under joint control
V_investments Bulgaria EOOD (Bulgaria)	Under joint control
Field on Track OOD (Bulgaria)	Under joint control
Develiot EOOD (Bulgaria)	Under joint control
TOTAl TV B.V. (The Netherlands)	Under joint control
V_Investments Cyprus Limited (Cyprus)	Under joint control
Modeshift Inc, (USA)	Under joint control
Field on Track LTD. (United Kingdom)	Under joint control
TOTALNA TELEVIZIJA DOO (Croatia)	Under joint control
Modeshift Europe EAD(Bulgaria)	Under joint control
Telelink Investments EOOD (Bulgaria)	Under joint control
Telelink City Group AD (Bulgaria)	Under joint control
Telelink City EOOD (Bulgaria)	Under joint control
EARLS Investment- und Verwaltungs GmbH (Austria)	Under joint control

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022
18. Related party disclosure (continued)

Set out below is the total amount of the transactions concluded with related parties and balances due for the current and previous reporting period:

	Sales to related parties		*Purchases from related parties*	
Trade activity	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*
Subsidiaries	762	1,867	63	148
Other related parties (under joined control)	-	-	-	1
	762	**1,867**	**63**	**149**

	Interest income		*Interest expense*	
Loans borrowed/lended	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*
Subsidiaries	5	1	3	19
	5	**1**	**3**	**19**

Trade activity	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*
Subsidiaries	678	565	17	39
	678	**565**	**17**	**39**

	Amount due by related parties		*Amount owed to related parties*	
Loans from / to related party	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*
Subsidiaries	684	153	-	-
	684	**153**	**-**	**-**

	Amount due by related parties		*Amount owed to related parties*	
	30.6.2022 хил. лв.	*30.12.2021 хил. лв.*	*30.6.2022 хил. лв.*	*30.12.2021 хил. лв.*
Share-based payments				
Subsidiaries	341	341	-	-
	341	**341**	**-**	**-**

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022
18. Related party disclosure (continued)

Joint arrangements:

The Company held no shares and disclosed no joint arrangements for the period 01 January 2021 – 30 June 2022.

Amounts owed by related parties are included in trade and other receivables (Note 13 „Trade and other receivables“ to the financial statements) and in loans received (Note 16 „Interest-bearing loans and borrowings“ to the financial statements). Amounts owed to related parties are included in trade and other payables (Note 17 „Trade and other payables“). Receivables from and payables to related parties cannot be netted.

Sales to and purchases from related parties are carried at contracted prices. Outstanding balances at the year-end are unsecured, interest free (except for loans) and settlement occurs in cash. There have been no guarantees provided to or received for any related party receivables, other than those disclosed below. The Company has not impaired doubtful debts from related parties as of – 30 June 2022 and 31 December 2021.

Dividend income

Pursuant to a decisions dated 17 June 2022 and 30 June 2022 of the Executive Director of the Company, Telelink Business Services EAD, Comutel DOO (Serbia), Telelink Business Services DOOEL (North Macedonia) and Telelink DOO (Slovenia) distributed dividend at the amount of BGN 13,343 thousand. At 30 June 2022 dividends are partially paid.

Pursuant to a decisions dated 04 June 2021 and 28 June 2021 of the Executive Director of the Company, Telelink Business Services EAD, Comutel DOO (Serbia), Telelink DOO (Bosnia and Herzegovina) and Telelink DOO (Slovenia) distributed dividend at the amount of BGN 13,456 thousand. Dividend are fully paid during 2021.

Set out below is the total amount of the dividends distributed by related parties:

	Dividend income		**Dividend receivables**	
Related party	***01 Jan 2022 - 30 Jun 2022 BGN'000***	***01 Jan 2021 - 30 Jun 2021 BGN'000***	***at 30 Jun 2022 BGN'000***	***at 31 Dec 2021 BGN'000***
Telelink Business Services EAD (Bulgaria)	10,366	11,442	8,866	-
Comutel DOO (Serbia)	1,410	391	1,410	-
Telelink DOO (Bosnia and Herzegovina)	-	782	-	-
Telelink DOO (Slovenia)	1,371	841	1,371	-
Telelink Business Services DOOEL Skopje	196	-	196	-
	13,343	**13,456**	**11,843**	**-**

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
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18. Related party disclosure (continued)

The Company as a lender:

During the reporting period, the Company remained party (lender) to a Cash loan agreement with TBS Croatia (borrower) from September 21 2021 with an initial maximum amount of EUR 200 thousand, subject to revolving utilization and repayment, an initial tenor of 12 months and an annual interest rate of 2.5%. On March 29 2022, an annex was signed, whereby the limit was extended to EUR 500 thousand and the term – until December 21 2022. As of June 30 2022, outstanding receivables for principal and accrued interest amounted to BGN 527 thousand.

On February 21 2022, TBSG (lender) signed with TBS Romania (UIN J40/19800/2021) (borrower) a loan agreement with a maximum amount of EUR 200 thousand, subject to revolving utilization and repayment, a initial tenor of 12 months and an annual interest rate of 2.5%. As of June 30 2022, outstanding receivables for principal and accrued interest amounted to BGN 157 thousand.

19. Commitments and contingent liabilities

Commitments to the benefit of related parties

As of June 30 2022 and during the reporting period as a whole, the Issuer maintained its commitments as a guarantor, respectively pledgor under the following contracts signed in 2019 as security to the obligations of TBS EAD (UIN 130545438) under an Agreement for the undertaking of credit commitments under an overdraft credit line with Unicredit Bulbank AD from October 19 2019, extended with an annex from May 31 2022 with a total amount of the limits subject to utilization in cash of EUR 7 million and a total amount of all limits, including contingent bank credit for the issuance of guarantees, of EUR 13 million and a utilization period until May 31 2023:

- a suretyship agreement with Unicredit Bulbank AD, securing all receivables of the bank from TBS EAD stemming from the above credit agreement and the annexes thereto until their full repayment;
- a share pledge agreement with Unicredit Bulbank AD over the Issuer’s 100% stake in the capital of TBS EAD, securing all receivables of the bank from TBS EAD stemming from the above credit agreement and annexes thereto until their full repayment.

As of June 30 2022, the Company also maintained:

- a corporate guarantee issued on July 01 2020 in favour of Citi Bank and Cisco Systems International B.V. (the Netherlands), securing the possibility for Comutel (UIN 07554133) and Telelink Slovenia (UIN 6596240000) to make high-volume equipment purchases under contracts with Cisco Systems International B.V. on deferred payment terms, up to the amount of USD 5,100 thousand;
- a counter-guarantee issued on October 26 2020 in favour of TBS Macedonia (UIN 7385986) in the amount of EUR 22,000 with regard to a contract with Operator Electrical Distribution Systems, North Macedonia, valid until November 10 2023;
- a corporate guarantee issued on December 10 2021 for the amount of EUR 145,435.43, securing the obligations of TBS Albania (UIN L91803017J) from a purchase agreement with Veracomp D.O.O.;
- a corporate guarantee issued on February 15 2022 for the amount of EUR 56,554.95, securing the obligations of TBS Croatia (UIN 081341811) from operating lease agreements with Unicredit Leasing Croatia d.o.o.;

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

19. Commitments and contingent liabilities (continued)

- a corporate guarantee issued on March 16 2022, securing the obligations of Telelink Slovenia (UIN 6596240000) under Framework Credit Agreement №. 5074/2022 with Unicredit Banka Slovenia d.d. for the amount of EUR 1,500,000;
- a corporate guarantee issued on June 28 2022, securing the obligations of TBS Croatia (UIN 081341811) under Framework Agreement for Bank Guarantees №. 0200126236 from 27.06.2022 with Zagrebacka Banka d.d. for the amount of HRK 1,500,000.

Litigations and claims: There are no litigation or claims against the Group.
Guarantees: Bank guarantees under contracts with clients were not issued by the Company as 30 June 2022.
Capital commitments: The Company had no capital commitments as at 30 June 2022.

20. Financial risk management objectives and policies

The Company's financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, liabilities on loans and borrowings. In 2022 and 2021, the Company neither owned nor traded in derivative financial instruments.

Interest rate risk

Pursuant to the loan contract with TBS EAD, interest due by the Company is based on a fixed interest rate. At the end of the reporting period, the Company neither had nor it planned to use another financial debt. Therefore, at 30 June 2022 the Company was not exposed to and had no grounds to expect that an interest rate risk would occur.

Currency risk

Due to the fact the Company's revenue and expenses are primarily or entirely denominated in the local currency (Bulgarian leva) or EUR under the Currency Board conditions, the Company is not exposed directly to a significant currency risk. The Company has no transactions denominated in the variable exchange rate of US Dollar to BGN originating from loans granted, trade payables, trade receivables and borrowings.

Credit risk

Due to the fact that all revenue and receivables originate from subsidiaries controlled by the Company, the credit risk relating thereto may be considered immaterial.
The maximum credit exposure of the Company originating from recognized financial assets corresponds to their amount as per the balance sheet as at 30 June 2022 and 31 December 2021 and originates only from trade receivables from subsidiaries.

Liquidity risk

Liquidity risk and cash flow risk are managed by the Company through the systematic tracing of the quality and maturity of receivables and payables, and timely planning of cash inflows and outflows. In case of expected deficits of available funds in a given horizon and in view of meeting unforeseen deviations, the Company ensures their financing by negotiating appropriately structured loans or revolving credit limits from leading Group companies and / or by setting aside reserves by resolving on timely and sufficient distribution of dividends by its subsidiaries.
Liquidity risk is kept low, with sufficient cash and sufficient credit facilities being maintained with servicing banks (see Note 14 "Cash and cash equivalents").

20. Financial risk management objectives and policies (continued)

The following table summarises the maturity profile of the Company's financial liabilities at 30 June 2022 and 31 December 2021 based on contractual undiscounted payments.

Period ended 30 Jun 2022	**On demand**	**After < 3 months**	**After 3-12 months**	**After 1 - 5 years**	**After > 5 years**	**Total**
	BGN'000	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***
Trade and other payables	-	602	-	-	-	602

Period ended 31 Dec 2021	**On demand**	**After < 3 months**	**After 3-12 months**	**After 1 - 5 years**	**After > 5 years**	**Total**
	BGN'000	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***
Trade and other payables	-	800	-	-	-	800

Capital management

The main objective of capital management of the Company is to ensure stable credit rating and proper equity ratios in view of continuation of its business and maximizing its value to the shareholders.

The Company manages its capital structure and adjusts it, where necessary, depending on the changes in the economic environment. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a debt (gearing) ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as the sum of interest-bearing loans and borrowings and trade and other payables reduced by cash and cash equivalents, excluding discontinued operations. Capital includes equity attributable to the equity holders of the parent company.

	30.6.2022	***31.12.2021***
	BGN'000	***BGN'000***
Trade and other payables	602	800
Less cash and short term deposits	(829)	(901)
Net debt	(227)	(101)
Equity	29,655	16,822
Total capital	29,655	16,822
Capital and net debt	**29,428**	**16,721**
Gearing ratio	-1%	-1%

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21. Financial instruments

Fair values

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

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors and individual creditworthiness of the customer. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.
- The fair value of interest-bearing loans is estimated by discounting future cash flows using discount rates based on the interest rate levels currently available for debt instruments with similar terms and remaining maturities.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Use of a model with inputs (other than quoted prices included in level 1) that are directly or indirectly observable market data

Level 3: Use of a model with inputs that are not based on observable market data

During the reporting periods ending 30 June 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

The Company held no financial instruments carried at fair value as at 30 June 2022 and 31 December 2021. The fair values of financial assets and liabilities not carried at fair value have not been disclosed as their carrying amounts approximate their fair values.

22. Leases

In 2020 the Company has entered a leasing contract for motor vehicle. The lease term is 4 years. The Company’s obligations under its lease are secured by the lessor’s title to the leased assets.
On 01 June 2021 the Company ceases the leasing contract for motor vehicle, the asset and the lease liability are written-off.

23. Share-based payments

In 2020 the Company established one-off share-based payment incentive Procedure for employees (the Procedure). Under the Procedure employees with at least 24 months length of service in the Group and its preceding companies are eligible to receive one-off supplementary remuneration (bonus) in the form of shares without restrictions for subsequent disposal. The implementation of the Procedure took place on 21 December 2020. Telelink Business Services Group AD has transferred to employees of the Group 28 608 shares with nominal value of BGN 1 each and price at the day of the transfer of BGN 12 per share. The Company has measured the fair value of the services received by reference to the fair value of the shares transferred which is equal to the closing price of the Bulgarian Stock Exchange on the date of the grant. The Company accounts for the Procedure as an equity-settled share-based payments plan. The Procedure is implemented entirely at the expense of the shares bought back by the Company. The total expense of the shares transferred under the Procedure is at the amount of BGN 343 thousand, BGN 76 thousand expense at individual level for the Company.

In 2020 the Company established long-term share-based payment incentive Programme for management and key personnel (the Programme). Under the Programme eligible employee is any employee who works at managerial position or is a key employee, nominated by resolution of the Managing Board, who has uninterrupted employment in the Group. The supplementary remuneration under the Programme is conditional on the Group's performance for a period of three years 2020-2022 and personal performance of each employee with regard to financial and non-financial results. The final number of shares to be transferred is measured by reference to the Group`s performance for a period of three years.

In 2020 the Company establishes share-based payment incentive Scheme for members of the Managing board (the Scheme). Granting conditions and final number of shares to be transferred are subject to the continuing employment of the members of the Managing board and the Group`s performance for the three-year period 2020-2022.

According to the Programme and the Scheme shares will be transferred to employees in the year following the three-year period 2020-2022. The Company has estimated the fair value of the services received by reference to the fair value of the shares granted, but not yet vested, using the closing price of the Bulgarian Stock Exchange at 31 December 2020 adjusted with the present value of future dividend. The Company accounts for the Programme and the Scheme as an equity-settled share-based payments plans. The expense at individual level accrued according to the Programme and the Scheme in 2021 is BGN 29 thousand (2020: BGN 35 thousand) and BGN 72 thousand (2020: BGN 60 thousand).

In 2021 the Company establishes new identical share-based payment incentive Programme for management and key personnel and Scheme for members of the Managing board related to continuing employment and Group performance for new three-year period 2021-2023. Shares are transferred to the participants in the year following the three-year period 2021-2023. The Group has estimated the fair value of the services received by reference to the fair value of the shares granted, but not yet vested, using the closing price of the Bulgarian Stock Exchange at 24 September 2021 adjusted with the present value of future dividend. The expense at induvial level accrued according to the Programme and the Scheme related to the new three-year period in 2021 is BGN 22 thousand and BGN 53 thousand.

The Company accounts for all plans as equity-settled share-based payments.

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24. Events after the reporting date

The Company's management declares that after the end of the reporting period and until the date of approval of these financial statements there have been no significant and /or material events which took place concerning the performance or affecting the activities of the Company, the non-disclosure of which could impair the true and fair presentation of the financial statements.