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# Independent auditor's report

## To the shareholders of

### Telelink Business Services Group AD

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Telelink Business Services Group AD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

### Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Recognition of revenue from contracts with customers</b></p>  |   |
| <p>The Group's disclosures about revenue from contracts with customers are included in Notes 5 Significant accounting judgements, estimates and assumptions and Note 8 Revenue from contracts with customers to the consolidated financial statements.</p>  |   |
| <p>In the consolidated financial statements for the year ended 31 December 2023 the Group reports revenue from contracts with customers at the amount of BGN 185,258 thousand. The Group has a variety of contracts with customers with specific conditions, duration and nature of performance obligations.</p> <p>The Group has developed an accounting policy for recognizing revenue from contracts with customers in accordance with IFRS 15 Revenue from contracts with customers, as disclosed in Notes 8 and 5. Application of this policy requires the Group's management to make significant judgments in order to determine the separate performance obligations under contracts with customers, which significantly affect the amount of revenue recognized in the reporting period. The key judgements include an analysis of the economic nature and commercial context</p> | <p>In this area our audit procedures, among others, included:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the Group's internally established methods, processes and control mechanisms for project management in the initial and execution phases of contracts with customers.</li> <li>- Evaluated the reasonableness of key management's assessment and assumption of revenue recognition based on a risk-based selection of a sample of contracts with customers.</li> <li>- For a sample contracts with customers, review of management's assessment of economic substance and commercial context, where we focused on their general terms and conditions, termination rights, penalties for delay and breaches, as well as the related contract assets and liabilities recognized in the statement of financial</li> </ul> |

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of contracts with customers to identify separate performance obligations, as well as an assessment of their progress at the end of the reporting period, including estimates and assumptions about significant financing component of sales with deferred payments, agent vs. principal assessment, the volume of services, activities and inventories that are required for satisfaction of the performance obligations, the expected total contract costs, the remaining costs of completing the contract, the total revenue from the contract, as well as the risks under the contracts, including technical and legal risks.

Due significance of revenue from contracts with customers and significant judgements and assumptions made by management in their accounting, we consider this area to be a key audit matter.

- position.
- Assessment whether the separate performance obligations under contracts with customers were determined by the Group's management in accordance with the requirements of IFRS 15. For a risk-based sample of contracts with customers, we focused on obtaining audit evidence from external sources for the progress of the separate performance obligations as of the reporting date through inspection of acceptance protocols, agreed general terms and conditions, and obtaining representations from the Group's lawyers regarding alleged breaches of contract and claims asserted.
- Applied data analytics procedures to identify unusual changes in profit margin development throughout the projects' execution.
- Reviewed and assessed the completeness, appropriateness and adequacy of the Group's disclosures in the consolidated financial statements regarding the revenue recognition, including management's significant accounting policies, judgements, estimates and assumptions, disclosed by the management.

## **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information, which we have obtained prior the date of our auditor's report, comprises the consolidated management report, including the corporate governance statement, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and presentation of the consolidated financial statements that give a true and fair view in accordance with IFRS, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### *Additional Matters to be Reported under the Accountancy Act and the Public Offering of Securities Act*

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Consolidated Financial Statements and Auditor's Report Thereon* section, in relation to the consolidated management report, including the corporate governance statement of the Group, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines on New and Expanded Auditor's Reports and Auditor's Communication of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming opinions about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100m, paragraph 10 of the POSA in conjunction with Art. 100m, paragraph 8(3) and (4) of the POSA) applicable in Bulgaria.

### *Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act*

Based on the procedures performed, our opinion is that:

- a) The information included in the consolidated management report referring to the financial year for which the consolidated financial statements have been prepared is consistent with those consolidated financial statements.
- b) The consolidated management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act.
- c) The corporate governance statement of the Group referring to the financial year for which the consolidated financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100 (m), paragraph 8 of the Public Offering of Securities Act.



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*Opinion in connection with Art. 100(m), paragraph 10 in conjunction with Art. 100 m, paragraph 8(3) and (4) of the Public Offering of Securities Act*

Based on the procedures performed and the knowledge and understanding obtained about Group's activities and the environment in which it operates, in our opinion, the description of the main characteristics of Group's internal control and risk management systems relevant to the financial reporting process, which is part of the consolidated management report (as a component of the corporate governance statement) and the information under Art. 10 paragraph 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, do not contain any material misrepresentations.

***Reporting on the compliance of the electronic format of the consolidated financial statements, included in the annual consolidated report under art. 100m, paragraph 5 of POSA, with the requirements of the ESEF Regulation***

We have performed a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Telelink Business Services Group AD for the year ended 31 December 2023, included the attached electronic file „2023 TBSG (consolidated) Reporting package.zip“ with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). Our opinion is expressed only in relation to the electronic format of the consolidated financial statements and does not extend to the other information included in the annual consolidated report under art. 100m, paragraph 5 of POSA.

*Description of the subject matter and the applicable criteria*

The Management has prepared electronic format of consolidated financial statement of the Group for the year ended 31 December 2023 under the ESEF Regulation in order to comply with the requirements of POSA. The requirements for the preparation of the consolidated financial statements in ESEF format are specified in the ESEF Regulation and represent, in our opinion, applicable criteria for us to express an opinion providing reasonable assurance.

*Responsibilities of the Management and Those Charged with Governance*

The Management of the Group is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the consolidated financial statements in XHTML. Such responsibility includes the selection and application of appropriate iXBRL tags using the taxonomy specified in the ESEF Regulation. The responsibility of Group's Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material incompliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of consolidated financial statements of the Group, including the application of the ESEF Regulation.

### *Auditor's Responsibility*

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation. For this purpose, we have followed the Guidelines on the Auditor's Reporting in Connection with the Application of the European Single Electronic Format (ESEF) for the Financial Statements of Entities which Securities are Admitted for Trading on a Regulated Market in the European Union of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the consolidated financial statements of the Group is prepared, in all material respects, in accordance with the applicable criteria, specified above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material incompliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material incompliance with the requirements when it exists.

### *Quality Management Requirements*

We apply International Standard on Quality Management (ISQM) 1 which requires from us to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements to the registered auditors in Bulgaria.

We have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) adopted by ICPA through the IFAA.

### *Summary of procedures performed*

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the consolidated financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF





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Regulation of the electronic (XHTML) reporting format of the consolidated financial statements of the Group, we have maintained professional scepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the consolidated financial statements of the Group, including the preparation of the consolidated financial statements of the Group in XHTML format and its tagging in machine readable language (iXBRL)
- tested the validity of the applied XHTML format
- checked whether the human-readable layer of the electronic format of the consolidated financial statements corresponds to the audited consolidated financial statements
- assessed the completeness of the tagging of information in the consolidated financial statements while using the machine-readable language (iXBRL) under the requirements of the ESEF Regulation;
- assessed the appropriateness of the applied iXBRL tags selected from the core taxonomy and the creation of extensions to the elements in the extended taxonomy specified in the ESEF Regulation when there were no suitable elements in the core taxonomy;
- evaluated the anchoring of the taxonomy extensions to the elements in the extended taxonomy specified by the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation*

Based on the procedures performed, our opinion is that the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2023, included the attached electronic file „ 2023 TBSG (consolidated) Reporting package.zip“ is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

***Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit Act***

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Ernst & Young Audit OOD was appointed as a statutory auditor of the consolidated financial statements of Telelink Business Services Group AD for the year ended 31 December 2023 by the general meeting of shareholders held on 28 August 2023 for a period of one year.
- The audit of the consolidated financial statements of the Group for the year ended 31 December 2023 represents 5<sup>th</sup> total uninterrupted statutory audit engagement for that group carried out by us.

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- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to the audit committee of Telelink Business Services Group AD, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Group.

Audit Firm Ernst & Young Audit OOD with registered number 108:

Nikolay Garnev  
Legal Representative

Nikolay Garnev  
Registered Auditor in charge of the audit

Sofia, Bulgaria  
29 April 2024