Telelink Business Services Group AD

Consolidated Interim Financial Statements
and
Consolidated Interim Management Report

For the period 01st January – 30th June 2024

Supervisory Board (SB)

Wolfgang Ebberman – Chairman of the SB;
Florian Huth – Vice-chairman of the SB;
Hans van Houwelingen – independent member of the SB;
Ivo Evgeniev Evgeniev – Member of SB;
William Anthony Bowater Russell – independent member of the SB;

Management Board (MB)

Ivan Zhitiyanov – Chair of MB and Executive Director;
Teodor Dobrev – member of MB;
Orlin Rusev – member of MB;
Jordanka Klenovska - member of MB (elected in this capacity in substitution of Nikoleta Stanailova as per SB resolution from 25th March 2024);
Desislava Torozova – member of the MB.

Audit Committee

Jordanka Klenovska – mandate until 10th September 2026;
Anelia Angelova - Tumbeva - mandate until 10th September 2026;
Todor Stefanov – mandate until 10th September 2026;

Head office and registered Office

Vitosha region, v.z. Malinova Dolina,
Ushlinova St. 2, Garitage Park, building 1, floor 4 ,
Sofia 1766

Servicing banks

UniCredit Bulbank AD
KBC Bank Bulgaria AD

Legal consultants

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

Translation of the official consolidated financial statements and consolidated management report issued in Bulgarian.

CONSOLIDATED INTERIM STATEMENT OF PROFIT AND OTHER INCOME

For the period ended 30 June

	Notes	*01.01.2024 - 30.06.2024*	*01.01.2023 - 30.06.2023*
		BGN'000	***BGN'000***
Revenue	8	72,675	59,813
Cost of sales	11	(53,701)	(47,043)
Gross profit		18,974	12,770
Other operating income	12	401	323
General and administrative expenses	9, 11	(6,933)	(4,576)
Selling and marketing expenses	10, 11	(9,249)	(6,131)
Other operating expenses	12	(93)	(75)
Operating profit		3,100	2,311
Finance income	13	56	16
Finance costs	13	(626)	(604)
Profit before tax		2,530	1,723
Income tax expense	15	(550)	(426)
Profit for the year from continuing operations		**1,980**	**1,297**
Other comprehensive income			
Exchange differences on translation of foreign operations		(18)	3
Total comprehensive income for the year, net of tax		**1,962**	**1,300**
Total comprehensive income attributable to:			
Owners of the parent company		1,962	1,300
Non-controlling interests		-	-
		1,962	**1,300**
Earnings per share		**0.158**	**0.104**

IVAN KRASIMIROV ZHITIYANOV Digitally signed by IVAN KRASIMIROV ZHITIYANOV Date: 2024.08.30 09:26:52 +03'00'

YORDANKA LYUBCHOVA KLENOVSKA Digitally signed by YORDANKA LYUBCHOVA KLENOVSKA Date: 2024.08.30 09:12:49 +03'00'

Ivan Krasimirov Zhitiyanov
Executive Director

Jordanka Lyubchova Klenovska, Preparer
Financial Director

The accompanying notes from 1 to 39 are an integral part of these financial statements.

Translation of the official consolidated financial statements and consolidated management report issued in Bulgarian.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
For the period ended 30 June

	Notes	*30.6.2024*	*31.12.2023*
ASSETS		***BGN'000***	***BGN'000***
Non-current assets			
Property, plant and equipment	18	16,709	11,059
Investment properties	19	454	454
Intangible assets	20	1 250	1 030
Goodwill	38	15 922	-
Prepayments	17	13,156	12,613
Non-current receivables		92	45
Deferred tax asset	15	1 666	1 569
		49,249	26,770
Current assets			
Inventories	21	19,563	12,069
Trade and other receivables	22	39,314	53,952
Contract assets	8, 22	9,272	15,642
Prepayments	17	12,707	13,252
Cash and cash equivalents	24	7,584	14,091
Income taxes receivable		564	438
		89,004	109,444
Assets classified as held for sale	16	-	269
		89,004	109,713
TOTAL ASSETS		**138,253**	**136,483**

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Translation of the official consolidated financial statements and consolidated management report issued in Bulgarian.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

For the period ended 30 June

EQUITY AND LIABILITIES		30.06.2024 BGN'000	31.12.2023 BGN'000
Share capital	32	12,500	12,500
Legal reserves	32	1,391	1,352
Other reserves	32	(13,204)	(13,204)
Other components of equity	32	17	3
Retained earnings		26,926	17,454
Profit for the year		1,980	9,444
Equity		29,610	27,549
Foreign currency translation reserve	32	(554)	(536)
Total equity		29,056	27,013
Non-current liabilities			
Interest-bearing loans and borrowings	24	5,902	-
Lease liabilities	27	5,152	2,821
Employee benefits	30	40	40
Government grants	25	803	803
Contract liabilities	8, 29	10,074	9,211
Other non-current liabilities		5,192	-
		27,163	12,875
Current liabilities			
Interest-bearing loans and borrowings	26	27,234	4,194
Lease liabilities	27	2,262	1,228
Trade and other payables	28	37,090	64,471
Government grants	25	214	585
Contract liabilities	8, 29	13,776	25,183
Income tax payable		1,458	934
		82,034	96,595
Total liabilities		109,197	109,470
TOTAL EQUITY AND LIABILITIES		**138,253**	**136,483**

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Financial Director

The accompanying notes from 1 to 39 are an integral part of these financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June

	Share Capital BGN'000	Legal reserves BGN'000	Other reserves BGN'000	Other components of equity BGN'000	Retained earnings BGN'000	Foreign currency translation reserve BGN'000	Total equity BGN'000
Balance at 01 January 2023	**12,500**	**1,352**	**(13,367)**	**(35)**	**17,861**	**(548)**	**17,763**
Profit for the year	-	-	-	-	1,297	-	**1,297**
Other comprehensive income (note 32)	-	-	-	-	-	3	**3**
Total comprehensive income	**-**	**-**	**-**	**-**	**1,297**	**3**	**1,300**
Buy-back of own shares (note 32)				(224)		-	**(224)**
Balance at 30 June 2023	**12,500**	**1 352**	**(13,367)**	**(259)**	**19,158**	**(545)**	**18,839**
Balance at 01 January 2024	**12,500**	**1,352**	**(13,204)**	**3**	**26,898**	**(536)**	**27,013**
Profit for the year	-	-	-	-	1,980	-	**1,980**
Other comprehensive income (note 32)	-	-	-	-	-	(18)	**(18)**
Total comprehensive income	**-**	**-**	**-**	**-**	**1,980**	**(18)**	**1,962**
Transfers (note 32)	-	39		-	28	-	**67**
Buy-back of own shares (note)	-	-	-	14	-	-	**14**
Balance at 30 June 2024	**12,500**	**1,391**	**(13,204)**	**17**	**28,906**	**(554)**	**29,056**

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Financial Director

The accompanying notes from 1 to 39 are an integral part of these financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 June

	Notes	*30.6.2024* BGN'000	*31.12.2023* BGN'000
Operating activities			
Profit before income tax from continuing operations		2,530	1,723
Adjustment to reconcile profit before tax to net cash flows			
Non-cash transfers:			
Net finance costs		621	350
Movements in retirement benefits obligations and government grants	25, 30	(346)	(193)
Loss on disposal of assets held for sale		(3)	-
Depreciation & amortisation	18, 20	2,382	1,982
Working capital adjustments			
Increase in inventories		(7,457)	(7,754)
Increase in trade and other receivables, contract assets, prepayments		27,376	(13,826)
Increase in trade and other payables, contract liabilities		(41,749)	2,483
Bank charges paid	13	(179)	(94)
Income taxes paid		164	(268)
Net cash flows from from operating activities		**(16,661)**	**(15,597)**

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

Continued from page 6

		01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
		BGN'000	BGN'000
Investing activities			
Purchase of property, plant and equipment	18	(3,232)	(1,326)
Purchase of intangible assets	20	(134)	(1,313)
Proceeds from sale of property, plant and equipment		(2)	2
Proceeds from assets held for sale		271	-
Proceeds from disposal of former subsidiary		94	-
Receipt of government grants	25	250	398
Interest received		5	16
Acquisition of a subsidiary, net of cash acquired		(10,747)	-
Net cash flows used in investing activities		**(13,495)**	**(2,223)**
Financing activities			
Proceeds form borrowings	26	67,427	17,851
Repayment of borrowings	26	(42,469)	(9,466)
Payments on leases	27	(905)	(702)
Repurchase of shares	32	-	(224)
Interest paid		(355)	(160)
Interest paid on leases	27	(100)	(68)
Net cash flows used in financing activities		**23,598**	**7,231**
Net change in cash and cash equivalents		(6,558)	(10,589)
Net foreign exchange difference	13	51	
Cash and cash equivalents at 1 January		14,091	14,828
Cash and cash equivalents at 30 June	24	**7,584**	**4,239**

IVAN KRASIMIROV ZHITIYANOV Digitally signed by IVAN KRASIMIROV ZHITIYANOV Date: 2024.08.30 09:27:59 +03'00'

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Executive Director

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Jordanka Lyubchova Klenovska, Preparer
Financial Director

The accompanying notes from 1 to 39 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

1. Accounting policy - 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. Vitosha region, v.a. Malinova dolina, 6 Panorama Sofia Str., Business Center Richhill, Block B, 2nd floor, Sofia 1766.

Telelink Business Services Group EAD is a public company, registered with Financial Supervision Commission on 28 November 2019.
Company shares are traded on the Bulgarian Stock Exchange.

Shareholders

The share capital of the Company amounts to BGN 12,500 thousand formed of 12,500,000 shares with nominal value of 1.00 Bulgarian lev each.

In the period 2020-2021, there were three tranches of public offering of existing Company shares, pursuant to which three of the shareholders existing as such prior to the offering sold on the Bulgarian Stock Exchange (BSE) a total of 2,625,000 shares (of which 875,000 in 2021), representing 21% of the Company's registered capital (of which 7% realized in 2021).

As of June 30, 2024, the persons holding over 5% of the Company's capital were Lubomir Minchev with a stake of 6,263,624 shares or 50.11%, SEET INVESTMENT HOLDINGS SARL (Luxembourg) with a stake of 2,872,380 shares or 22.98% and Utilico Emerging Markets Trust PLC (UK) with a stake of 1,733,837 shares or 13.78%.

Pursuant to share buybacks for the purposes of employee incentive programs (including 23,500 shares acquired in the first half of 2023 and 6,030 shares acquired in previous periods) and the transfer of a total of 27,452 shares (including 20,343 to employees in third quarter and 7,109 to current and former members of the MB in the fourth quarter) in accordance with a bonus plan from 2020, as of December 31 2023, the Company held 2,078 own shares representing 0.02% of its registered capital. (note 32)

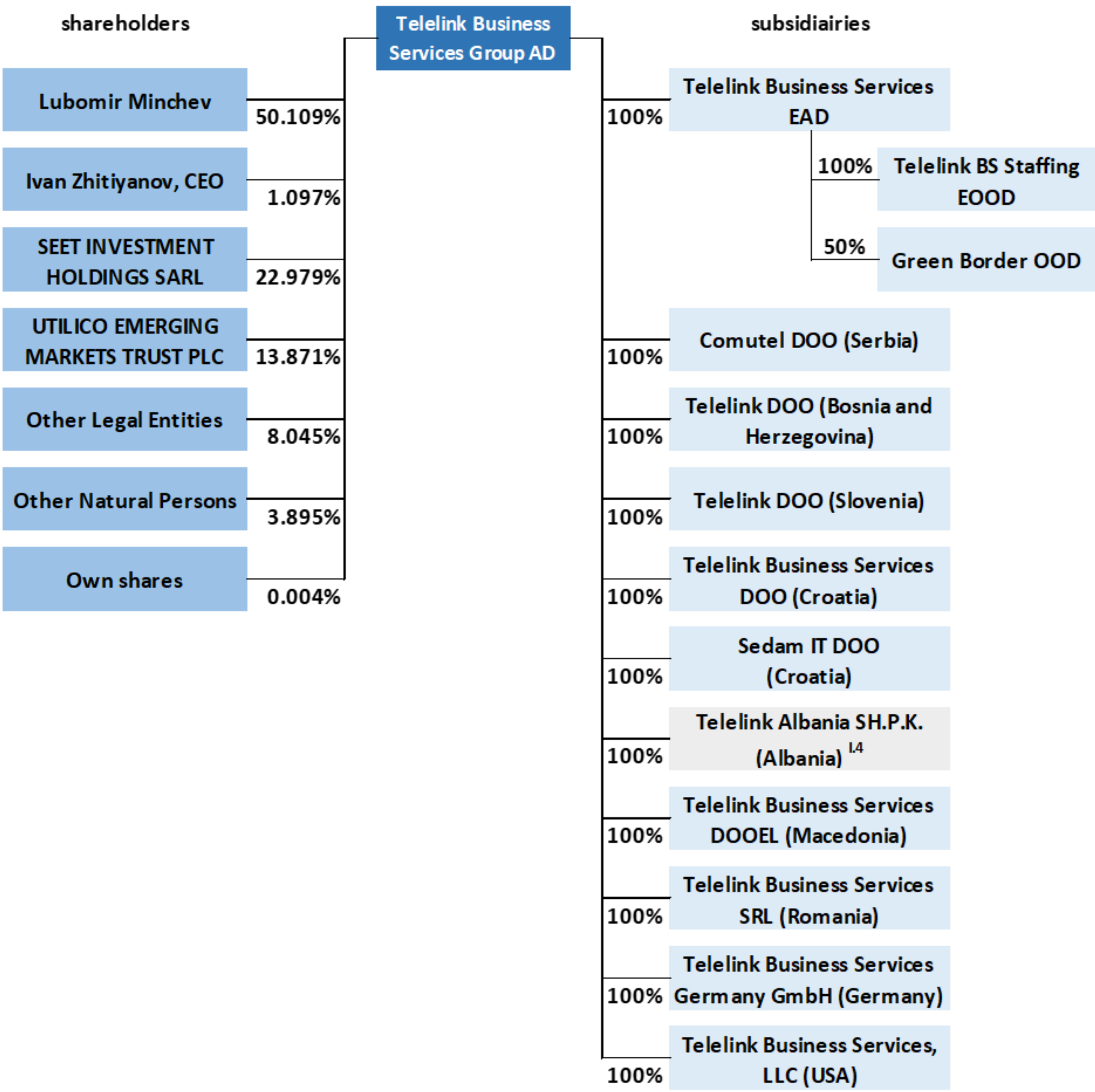
Pursuant to share buybacks and transfers for the purposes of incentive programs for the employees and the MB (including 1,516 shares transferred to a former member of the MB in the first quarter of 2024 in accordance with an incentive plan from 2020), as of June 30 2024, the Company held 562 own shares representing 0.004% of its registered capital.

By GMS resolution from June 19 2024, the MB was authorized for the buyback of up to 25,000 shares within a price range of BGN 7.40 to 20.00 per share with regard to the implementation of incentive programs for the employees and the MB and/or other investment purposes until the end of 2024. As of June 30 2024, the Company was yet to purchase any shares pursuant to the above resolution.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

1. Accounting policy - Corporate information (continued)

Ownership structure and Group structure as at 30 June 2024 are presented below:



Business

Telelink Business Services Group specializes in providing services related to systems integration and maintenance of customers' information and communication systems in the three main market segments: mobile telecommunications service providers, fixed telecommunications service providers, and large and mid-sized public and private organizations within the area of the group's territorial presence and globally.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

1. Accounting policy - Corporate information (continued)

The consolidated financial statements present financial information of Telelink Business Services Group AD and its subsidiaries - Telelink Business Services EAD (Bulgaria), Comutel DOO (Serbia), Telelink Business Services DOO – Podgoritsa (Montenegro), Telelink DOO (Bosnia and Herzegovina), Telelink DOO (Slovenia), Telelink Business Services DOOEL (North 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 Germania GmbH, SEDAM IT D.O.O Croatia) all of them jointly the “Group”.

As of June 30, 2024 the Group has a two-tier management structure – Management and Supervisory Board. Operational management is carried out by its Management Board. The persons charged with general management are represented by the Supervisory Board of the Company. An Audit Committee elected by the General Meeting of the Shareholders functions in the Group.

Military conflict between Russia and Ukraine

Consequent to the military conflict between Russia and Ukraine, which escalated in February 2022, the year was marked by both increasing geopolitical tension and various economic repercussions, including restrictions or halt on the activities of many Ukrainian and Russian companies as a result of the military action and sanctions against Russia, accelerated inflation as a result of the growing prices of energy and key agricultural goods and increased instability on the stock and currency markets, having direct or indirect potential or actual impact on the activities of many companies and industries in the European Union and the USA as well.
The Issuer and its subsidiaries have no direct exposure to related parties, clients and/or suppliers from the countries involved in the conflict. Therefore, the Group is not deemed to be directly exposed to risks arising from the above events.

Considering the uncertainty of the inherently dynamic development of the conflict and its repercussions, the Company’s management is of the opinion that it lacks the premises and conditions to a reliable quantitative assessment of the potential indirect impact of respective changes in the micro- and macroeconomic environment on the Group’s financial position and results. Nevertheless, it remains committed to the ongoing monitoring of the situation and analysis of the possible future consequences of the conflict results, with a view to the timely identification of potential and actual negative effects and the undertaking of all possible measures towards limiting their effect.

2. Accounting policy - Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for investment properties measured at fair value and defined benefit obligations measured at the present value of the obligations. The financial statements are presented in Bulgarian leva (BGN), which is the Group’s functional currency. All values are rounded off to the nearest thousand (BGN’ 000), except when otherwise stated.

Statement of compliance

These consolidated 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

3. Accounting policy - Basis of consolidation

The consolidated financial statements comprise the financial statements of Telelink Business Services Group AD and its subsidiaries as at 30 June 2024.

Subsidiaries are all entities over which the Group has control. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its return. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Non-controlling interests (NCI) are measured at the proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets and liabilities of the subsidiary, and non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained in a former subsidiary is recognised at fair value at the time the control is lost.

All intra-group balances and transactions, unrealised income and expenses, resulting from intra-group transactions, are eliminated. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of impairment.

Telelink Business Services Group AD is a newly incorporated entity established in 2019. After its registration, an activity is separated from an existing entity, comprising companies which were under common control, but did not form a legal group as of 31 December 2018.

Business combinations between entities under common control are accounted for using predecessor value method. Under this method, the newly established company, Telelink Business Services Group AD, incorporates the assets and liabilities of the entities acquired in 2019 using the acquiree's values from the consolidated financial statements of the previous parent entity. The acquired entity's results are included in the consolidated financial statements retrospectively: the financial statements reflect full year's results of Telelink Business Services EAD, Comutel DOO (Serbia), Telelink Business Services DOO – Podgorica (Montenegro), Telelink DOO (Bosnia and Herzegovina), Telelink DOO (Slovenia) for 2018, even though the business combination occurred in 2019. In addition, the corresponding amounts for 2018 reflect the combined results of the new group structure, even though the transformation occurred in 2019. Intragroup balances and unrealized gains and losses on transactions within the Group are eliminated.

Telelink Business Services Group AD has prepared its first consolidated financial statements for the year ended 31 December 2019, which include comparative data from the financial statements of Telelink Bulgaria EAD for previous years.

The Group has not identified reporting segments and does not disclose segment information in accordance with IFRS 8 Operating Segments.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies

Foreign currency translation

The consolidated financial statements have been prepared in Bulgarian leva, which is the Group'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 profit or loss and other comprehensive income. Non-monetary assets 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 (acquisition).

Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Business combinations under common control

Business combinations between entities under common control are accounted for as if the acquisition had taken place at the beginning of the earliest comparative period presented or, if later, on the date on which joint control existed, and for the purpose, the comparative information is restated. Assets and liabilities are recognised at the carrying amounts previously reported in the consolidated financial statements of the shareholder exercising control over the Group ('predecessor value method'). The acquirees' results are included in the consolidated financial statements retrospectively, i.e. the comparative date for previous years reflect summarised results of the new structure of the Group, even though the transformation occurred in the current year. Intragroup balances and unrealized gains and losses on transactions withing the Group are eliminated.

Joint arrangements

A participation in joint arrangements is determined within contractual relations, which entitle the parties to joint control over the agreement. Joint arrangements are either joint operations or joint ventures. The Group analyses its participation in joint arrangements by considering its rights and obligations, as well as the structure and legal form of each arrangement, and the contractual terms agreed to in the arrangement. In respect of its participation in a joint venture, the Group recognises the assets, liabilities, revenue from the sale of the products of the joint arrangement, expenses, including those incurred jointly and accounted for in the assets, liabilities, income and expenses associated with their participation in the joint arrangement in compliance with IFRSs applicable to the specific assets, liabilities, income and expenses.

4. Accounting policy - Summary of significant accounting policies (continued)

Assets held for sale

The Group classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition and its sale is highly probable. For the sale to be highly probable, management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when events or circumstances beyond the Group's control may extend the period and if there is evidence that management is still committed to its plan to sell the asset.
Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Property, plant and equipment

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

Asset type	Useful life in years
Computers	2 years
Machinery and equipment	3,33 years
Motor vehicles	4 years
Managed services hardware	In accordance with the duration of the contract for the provision of such services- usually 4/7 years
Furniture and fixtures and fittings	6,67 years
Other assets	In accordance with the duration of the rent contract

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if the expectations differ from the previous accounting estimates.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
4. Accounting policy - Summary of significant accounting policies (continued)

Investment property

Investment property is property held to earn rental income or for capital appreciation or both. Investment property is measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are recognized in profit or loss in the period in which they arise.

Investment property is derecognised on disposal of or when the investment property is permanently retired and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal are recognized in the statement of profit or loss and other comprehensive income in the period of retirement or disposal.

Transfers from or to investment properties are made only in case of change of their use. For a transfer from investment property carried at fair value to owner-occupied property or inventory, the deemed cost for subsequent accounting under IAS 16 or IAS 2 is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group applies IAS 16 up to the date of change in use.

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.

Government grants

Government grants are recognised initially where there is reasonable assurance that the grant will be received and all attached conditions will be complied with by the Group. Subsequently, they are recognized in profits and losses on a systemic basis over the asset's useful life.
Government grants that compensate the Group for expenses incurred are recognized in profits and losses on a systemic basis in the periods, in which the expenses were incurred.

Intangible assets

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Intangible assets (continued)

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure on an intangible asset after its purchase or its completion is recognized 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 development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

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 Group classifies the generation of the asset into a research phase and a development phase.

If the Group cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the Group treats the expenditure on that project as if it were incurred in the research phase only. Development costs are recognised for assets if the Group 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:

Asset type	Useful life in years
Software	2 years
Managed services software	In accordance with the duration of the contract years- usually 4/7 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 statement of profit or loss and other comprehensive income, depending on the use of the intangible asset.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Intangible assets (continued)

Any gain or loss arising on derecognition of an intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of profit or loss and other comprehensive income for the year in which the asset is derecognised.

Inventories

Inventories include materials, goods for trading, and work in progress. Inventories are measured at the lower of cost or net realisable value. The cost of inventories reflects their purchase price plus any other costs necessary to bring them to their present location and condition and is determined using the weighted average method. Net realisable value for goods for trading and finished products is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Work in progress includes cost of direct materials and labour but excluding borrowing costs.

Impairment of non-financial assets

The Group 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 Group 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. It 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. 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 excluding goodwill, the Group assesses whether there are indications that the impairment loss on an asset other than goodwill recognized in prior periods may no longer exist or may have decreased. If such indications exist, the Group 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 amortization, that would have been determined had no impairment loss been recognized for asset in previous periods. The reversal of an impairment loss is recognized in the statement of profit or loss and other comprehensive income for the year.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and short term deposits comprise cash in bank accounts and on hand, and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group 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 are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised 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 Group'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.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

4. Accounting policy - Significant accounting policies (continued)

Financial assets (continued)

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortised 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.

Financial assets at amortised cost are subsequently measured using effective interest rate method and are impaired. Gains and losses are recognized in profit or loss statement when the asset is derecognised, modified or impaired.

Financial assets at amortised cost of the Group include trade receivables and loans to third parties.

Derecognition

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets

The Group recognises 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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Financial assets (continued)

Group 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 recognised 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable taxable profit will be available against and the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based on the likely timing and extent of future taxable profits, along with future tax planning strategies. Additional information on deferred taxes is disclosed in Note 15.

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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial derivatives. As of the end of the reporting period there are no balances formed from derivatives.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 26„Interest-bearing loans and borrowings".

Derecognition

A financial liability is derecognised 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 recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Provisions

General

Provisions are recognised when the Group 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 Group expects some or all the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised 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 recognised as a finance cost.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

4. Accounting policy - 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 recognised as an employee benefit expense in the profit or loss or included in the cost of an asset when service is rendered to the Group. Short-term employee benefits are measured at the undiscounted amount of the expected cost of the benefit.

State social security plan

All employees of the Group are members of the Bulgarian Social Security Plan. In the normal course of business, the Group 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 Group 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 Group bears no other obligation.

Retirement benefits

The Group 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. The cost of providing benefits under the retirement benefit plan is determined by the Group using the actuarial projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised 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 recognised 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 recognised 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of contracts with customers (continued)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or 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 5.

Sale of goods/ equipment

Revenue from sale of goods and equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group 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.
In certain cases, the Group receives long-term advances from clients. The Group determines that payments terms are structured mainly for reasons other than the provision of funding and concludes that there is no significant funding component.

Warranty obligations

The Group provides also an extended warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of fire prevention equipment. The legal warranty is not accounted by the Group as it is borne by the producer of the equipment.

Contracts for bundled sales of equipment and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Revenue from contracts with customers (continued)

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the equipment. Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable.

Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognises revenue from installation services over time by considering the stage of completion of installation services. Usually, these services are carried out shortly after the delivery of the equipment. The sales revenue of the equipment is recognized at a point in time, upon the delivery of the equipment.

Provision of services related to licensing and software, developed by third parties

The Group provides services related to the transfer of software licenses under contracts with customers, which is fulfilled by downloading and activating a license key. An integral part of the contracts is the provision of consultancy services to the customers regarding the choice of an optimal package of software products and offering them assistance with the implementation of the licensing system.

As for the customer contracts that involve a combination of consultancy services and licensing, developed by third party, revenue is recognized at the time of delivery of the software product.

Provision of managed services

These services include long-term customer contracts (typically between five and seven years) to support and manage the customer’s IT infrastructure, which includes ongoing proactive surveillance, remote management, and on-site support. Under the majority of the contracts, the Group provides network and/or voice communications equipment for use as part of its contractual obligation. Revenue under managed service contracts is recognized over the term of the contract on a monthly basis.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Revenue from contracts with customers (continued)

Trade receivables

A receivable represents the Group'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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest

Interest income is recognised 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.

Dividends

A liability to make cash or non-cash distributions to the equity owners of the parent company is recognised 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 Group as a lessee

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Lease (continued)

Right-of-use assets

The Group recognises 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 recognised, 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:

• Plant and machinery	3,33 years
• Motor vehicles and other equipment	4 years

If ownership of the leased asset transfers to the Group 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.

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 Group recognises 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 group and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised 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 Group uses borrowing interest rate based on interest rate statistics because the interest rate implicit in the lease is not at any time 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Lease (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition expedient 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 recognised as expense on a straight-line basis over the lease term.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 or substantially 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 recognised 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - Summary of significant accounting policies (continued)

Taxes (continued)

Deferred income tax assets are recognised 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 recognised 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.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income 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 recognised 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 recognised 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

4. Accounting policy - 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 Group is obliged to set aside Legal reserves.

Shares bought back are presented in the statement of financial position at cost and are deducted from the Group 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.

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 recognised, 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). The agreements for share-based payments in the Group explicitly define the reimbursement of the amounts from the subsidiary companies to Telelink Business Services Group AD for the shares provided to employees of the subsidiary companies. More details are provided in Note 37.

5. Accounting policy - Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of the contingent liabilities at the date of the statement of financial position, as well as on the income and expenses reported for the period. However, uncertainty about these assumptions and estimates could result in outcome that requires a material adjustment to the carrying amount of the asset or liability in subsequent reporting periods.

Judgements

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

5. Accounting policy - Significant accounting judgements, estimated and assumptions (continued)

Judgements (continued)

Joint arrangements

The Group assesses its participation in each consortium, where joint control is present as joint arrangements. Management analysed the rights and obligations by considering the structure and legal form of each arrangement, the contractual terms agreed to by the parties to the arrangement and all other relevant facts and circumstances, in order to determine the type of Joint Arrangement it is involved in – Joint Operations or Joint Venture. The analysis performed by management has determined that the participation in all the consortiums meets the criteria of recognition as Joint Operations.

Revenue from contracts with customers

The reporting of revenue from contracts with customers requires significant judgments to be made by the Group's management to determine the individual performance obligations under contracts with customers, which significantly affect the amount of revenue recognized in the reporting period.

Key judgements include an analysis of the economic nature and commercial context of contracts with customers to identify individual performance obligations, as well as an assessment of their progress at the end of the reporting period, including estimates and assumptions about 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, regulatory and legal risks.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in a bundled sale of equipment and installation services

The Group provides installation services that are bundled together with the sale of equipment to a customer. The installation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group has determined that both the equipment and installation services are capable of being distinct. The Group has also determined that the promises to transfer the equipment and to provide installation services are distinct within the context of more contracts.

The equipment and installation are not inputs to a consolidated item in the contract. The Group is not providing significant integration services because the presence of the equipment and installation services together in the contract does not result in any additional or consolidated functionality. In addition, the equipment and installation services are not highly interdependent or highly interrelated, because the Group would be able to transfer the equipment even if the customer declined installation services and the customer itself, would be able to ensure installation services in relation to products offered by other distributors.

Consequently, the Group allocates a portion of the transaction price to the equipment and the installation services based on relative stand-alone selling prices.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

5. Accounting policy - Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

- Principal versus agent considerations

The Group enters into contracts with its customers for the sale of equipment/goods and licenses/software produced by produced by various suppliers. The Group has determined that it controls the goods before they are transferred to customers, and it has the ability to direct the use of the equipment or obtain benefits from the equipment. The following factors indicate that the Group controls the goods before they are being transferred to customers. Therefore, the Group has determined that it acts as a principal in these contracts.

- The Group is primarily responsible for fulfilling the promise to provide the specified equipment.
- The Group bears the inventory risk before or after the specified equipment has been transferred to the customer as it purchases equipment and holds it in a warehouse.
- The Group has discretion in establishing the price for the specified equipment.

In addition, the Group has concluded that it transfers control over its services at a point in time, upon completed tests of functioning equipment and acceptance by the customer.

- Determining the timing of satisfaction of services

Judgment is required to determine the degree of satisfaction of the performance obligation.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property, plant and equipment, and intangible assets

Financial reporting of plant and equipment, and intangible assets involves estimates as to their expected useful lives and residual values, based on management assessments. Further details about the useful lives of property, plant and equipment, and intangible assets are provided in Note 4 „Summary of significant accounting policies".

Revaluation of Investment property

The Group measures its investment property at fair value with any changes in the fair value being recognised in profit or loss. The Group engages an independent valuer to determine the fair value at the reporting period-end or at the date of change in use. The key assumptions used to determine the fair value of investment property and sensitivity analyses are provided in Note 19„Investment property ".

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

5. Accounting policy - Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Write down of inventories

In general, inventories are written down to net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Income tax

Current income tax liabilities are for the current and prior periods and are measured at the amounts expected to be paid to the taxation authorities, using the tax rates that have been enacted by the balance sheet date. Provision for income taxes reported in the respective income tax returns includes an estimate of the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years. Accordingly, the final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements.

Fair value measurement

The Group measures non-financial assets, such as, investment property at fair value at each reporting date. The fair values of financial instruments and investment properties are disclosed in note 34"Fair value measurement".

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

5. Accounting policy - Significant accounting policies, estimates and assumptions (continued)

Estimates and assumptions (continued)

Fair value measurement (continued)

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A air value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement, such as assets held for distribution in discontinued operation.
At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management, in conjunction with the valuation experts, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

5. Accounting policy - Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Legal guarantees

The Group does not report legal guarantee obligations for goods sold as they are borne by the equipment manufacturer.

External temporary differences in consolidated financial statement

The Group does not recognise deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, as the Group considers there is no probability that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Significant financing component

In some cases, the Group receives long-term advances from customers. The Group accrues one time advance amount for the services, since other payment terms would affect the nature of the risks, borne by the Group for rendering the services, and may turn the provision of the service unprofitable. Following the analysis, the Group determines there is no significant financing component.

6. Accounting policy – Changes in accounting policies and disclosures

The standards/amendments that are effective and they have been endorsed by the European Union

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The adoption of these amendments had no impact on the financial statements of the Group.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

6. Accounting policy - Changes in accounting policies and disclosures (continued)

The standards/amendments that are effective and they have yet been endorsed by the European

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The adoption of these amendments had no impact on the financial statements of the Group.

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)** The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The adoption of these amendments had no impact on the financial statements of the Group.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

7. Accounting policy - 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 Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The standards/amendments that are not yet effective and they have not yet been endorsed by the European

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)** The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. 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.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

8. Revenues from contracts with customers

Set out below, is the disaggregation of the revenue from contracts with customers:

Revenue from contracts with customers	*01.01.2024 - 30.06.2024 BGN' 000*	*01.01.2023 - 30.06.2023 BGN' 000*
Geographical markets		
Bulgaria	43,314	30,009
Other European countries	27,986	28,710
Counties outside Europe	1 375	1,094
	72,675	**59,813**
Timing of revenue recognition		
At a point	42,985	36,026
Over time	29,690	23,787
	72,675	**59,813**

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

Contract balances

	30.06.2024 BGN'000	*31.12.2023 BGN'000*
Trade receivables (note 22)	36,434	51,076
Contract assets (note 22)	9,272	15,642
Contract liabilities (note 29)	23,850	34,394

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

Contract assets are initially recognised for obligations fulfilled, which have not yet been invoiced to the customer, as well as payments withheld by the customer as warranties. When the payment becomes due, the amounts recognised as contract assets are reclassified to trade receivables.
Contract liabilities include advances from customers. They are recognized as revenue when the performance obligation is satisfied.

Performance obligations

Sale of equipment /goods
The performance obligation is satisfied upon delivery of the equipment / goods and payment is generally due within 30 to 90 days from delivery.

Extended maintenance
Contracts which provide for an extended warranty for new equipment or equipment owned by the customer. Maintenance is accounted for as a separate performance obligation and part of the transaction price is allocated to it. The performance obligation with regard to the extended warranty is satisfied over the maintenance period (one, three, five years) based on based on the expired period of time.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

8. Revenue from contracts with customers (continued)

Installation services
The performance obligation is satisfied over time and payment is generally due upon completion of installation and its acceptance by the customer.

Managed services
Long-term contracts for a period of three to seven years for managing the customers' IT infrastructure where the performance obligation is satisfied over time.

Services related to licensing and software, developed by third parties
As for the customer contracts that involve a combination of consultancy services and licensing of third-party software, revenue is recognized at a point in time of delivery of the software product.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the respective periods, as follows:

	30.06.2024 BGN'000	***31.12.2023 BGN'000***
Within one year	13,776	25,183
More than one year	10,074	9,211
	23,850	**34,394**

9. General and administrative expenses

	01.01.2024 - 30.06.2024 BGN'000	***01.01.2023 - 30.06.2023 BGN'000***
Employee benefit expenses	(4,633)	(3,120)
Depreciation & amortisation	(147)	(279)
Consulting services	(845)	(312)
Office rent and utilities	(218)	(202)
Representative expenses	(420)	(219)
Other	(670)	(444)
	(6,933)	**(4,576)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

10. Sales and marketing expenses

	01.01.2024 - 30.06.2024 BGN'000	*01.01.2023 - 30.06.2023 BGN'000*
Employee benefit expenses	(6,650)	(3,859)
Depreciation & amortisation	(220)	(281)
Consulting and agency services	(1,007)	(1,205)
Marketing and advertisement	(353)	(365)
Other	(1,019)	(421)
	(9,249)	**(6,131)**

11. Expenses by nature

Expenses by nature, included in the cost of sales, administrative expenses and sales and marketing expenses are as follows:

	01.01.2024 - 30.06.2024 BGN'000	*01.01.2023 - 30.06.2023 BGN'000*
Changes in inventories of work in progress	403	5,263
Capitalised development costs and contract costs	217	17
Raw materials and consumables	(375)	(202)
Hired services	(35,193)	(35,262)
Employee benefit expenses (note 14)	(16,258)	(10,265)
Depreciation and amortisation (note 18, 20)	(2,382)	(1 982)
Other, including Cost of goods sold	(16,295)	(15,319)
	(69,883)	**(57,750)**

12. Other operating income/ (expenses)

Other operating income	*01.01.2024 - 30.06.2024 BGN'000*	*01.01.2023 - 30.06.2023 BGN'000*
Gain on disposal of assets held for sale	3	-
Written off payables	1	1
Government grants (note 25)	345	194
Rental income	15	15
Other	37	113
	401	**323**

Other operating expenses	*01.01.2024 - 30.06.2024 BGN'000*	*01.01.2023 - 30.06.2023 BGN'000*
Impairment of investment in a subsidiary	(29)	-
Penalties	-	(29)
Other	(64)	(46)
	(93)	**(75)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

13. Finance income and finance costs

Finance costs	***01.01.2024 - 30.06.2024 BGN'000***	***01.01.2023 - 30.06.2023 BGN'000***
Interest on financing	(447)	(240)
Net foreign exchange loss	-	(270)
Bank charges paid	(179)	(94)
	(626)	**(604)**

Finance income	***01.01.2024 - 30.06.2024 BGN'000***	***01.01.2023 - 30.06.2023 BGN'000***
Interest income - loans granted	5	16
Net foreign exchange gain	51	-
	56	**16**

14. Employee benefit expenses

	01.01.2024 - 30.06.2024 BGN'000	***01.01.2023 - 30.06.2023 BGN'000***
Salaries	(14,413)	(8,909)
Social security contributions	(1,845)	(1 356)
	(16,258)	**(10,265)**

The average full-time staff number and its breakdown by function are presented below:

	01.01.2024 - 30.06.2024 Number	***01.01.2023 - 30.06.2023 Number***
Management	14	13
Operations	314	193
Sales	74	60
Administration	80	58
	482	**324**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
15. Income tax

The major components of income tax expenses are as follows:

	01.01.2024 - 30.06.2024 BGN'000	*01.01.2023 - 30.06.2023 BGN'000*
Current income tax		
Current income tax charge	(647)	(445)
Deferred income tax		
Relating to origination and reversal of temporary differences	97	19
Income tax reported in the statement of profit and other comprehensive income	**(550)**	**(426)**

The reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate for the Group for the periods ending 30 June is as follows:

	01.01.2024 - 30.06.2024 BGN'000	*01.01.2023 - 30.06.2023 BGN'000*
Accounting profit before income tax	2,530	1,723
Income tax rate	10%	10%
At income tax rate 10% (2023: 10%)	(253)	(172)
Tax effects of profits from subsidiaries taxed at different rate	(199)	(227)
Tax effect of non-deductible expenses	(98)	(27)
	(550)	**(426)**
At the effective income tax rate of:	22%	25%
Income tax reported in the statement of profit and other comprehensive income	(550)	(426)
	(550)	**(426)**

Deferred taxes of the Group relate to the following items:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

15. Income tax (continued)

	Statement of financial position		Statement of comprehensive income	
			01.01.2024 - 30.06.2024	*01.01.2023 - 30.06.2023*
	30.06.2024	*31.12.2023*		
Deferred income tax assets / (liabilities)	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Accrued expenses	762	762	-	-
Employee benefits	303	303	-	-
Property, plant and equipment/Intangible assets	(91)	(91)	-	-
Impairment losses on fanancial and contract assets	203	203	-	-
Share-based payments	37	37	-	-
Impairment losses on investment	59	59	-	-
Other	393	296	97	19
Deferred income tax asset	**1,666**	**1,569**		
Movement in deferred taxes			**97**	**19**

The reconciliation between the movement in deferred tax assets / liabilities is as follows:

	30.06.2024	***31.12.2023***
	BGN'000	***BGN'000***
Opening balance as of 1 January	1,569	816
Tax expense during the year recognised in profir or loss	97	753
Closing balance as of the end of the period	**1,666**	**1,569**

The Group's tax liabilities are based on the tax returns submitted to the tax authorities and are determined finally after being verified by the national tax authorities or after the expiry of a five-year term following the year of submission, as the case may be.

Amendments to the Corporate Income Tax Act related to the global minimum corporate tax of 15%

At the end of 2023, amendments to the Corporate Income Tax Act (CITA) were approved, which introduced effectively, as of 1 January 2024, a global minimum corporate tax of 15% on multinational and large national groups of companies under the conditions set out in the CITA. These amendments were in the context of the so-called OECD Pillar Two Model Rules in line with the agreement reached at the global and European level launched by the OECD BEPS (Base Erosion and Profit Shifting) initiative to deal with tax challenges arising from the digital transformation of the economy. The amendments to the CITA relating to the levy of a global minimum tax of 15% effective 01 January 2024 do not apply to the Group as the annual revenues in the consolidated financial statements of the ultimate parent company of the group (including revenues of the excluded entities) in at least two out of the prior four tax periods do not exceed EUR 750 million.

16. Assets classified as held for sale

In previous period, Telelink Business Services EAD acquired apartments located in town of Aheloi against its trade receivables from a customer as a result of a public sale procedure. In 2022 part of the apartments was sold.

The apartments have been classified as held for sale as management is committed to a plan for their sale. At the end of 2022 one of the apartments was sold and there is an ongoing commitment to sell the remaining three apartments. The apartments are sold in March 2024 and the sell price of BGN 271 thousand is close to their book value at the amount of BGN 269 thousand.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

17. Prepayments

	30.06.2024	31.12.2023
	BGN'000	BGN'000
Balance on 1 January	**25,865**	**18,053**
Acquisition of subsidiary	516	-
Accrued during the year	14,539	34,148
Released to profit and loss	(15,057)	(26,336)
Balance as of the end of the period	**25,863**	**25,865**
Current	12,707	13,252
Non-current	13,156	12,613
	25,863	**25,865**

Prepayments comprise mainly prepaid extended maintenance in addition to the standard warranty provided by the suppliers of the equipment.

18. Property, plant and equipment

	Right-of-use assets	Machinery & equipment	Computers	Motor Vehicles	Furniture and Fittings	Managed Services assets	Other	Total
Book value	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 1 January 2024	9,497	1,856	2,259	26	1 063	7,048	1 376	23,125
Additions	2 483	53	288	-	314	1 484	1 093	5,715
Disposals	(1 083)	(256)	(401)	-	(40)	6	-	(1 774)
Acquisition of subsidiary	2 138	1 950	1 719	12	344	115	-	6 278
Balance as of 30 June 2024	13,035	3,603	3,865	38	1 681	8,653	2,469	33,344
Accumulated depreciation:								
Balance as of 1 January 2024	(5,306)	(1,620)	(1,887)	(26)	(554)	(2 472)	(201)	(12,066)
Depreciation for the year	(1,116)	(116)	(210)	-	(56)	(666)	(136)	(2,300)
Disposals	933	256	395	-	40	2	-	1 626
Acquisition of subsidiary	(215)	(1 634)	(1 698)	-	(319)	(65)	-	(3 931)
Exchange adjustment	-	-	-	-	-	36	-	36
Balance as of 30 June 2024	(5,704)	(3,114)	(3,400)	(26)	(889)	(3 165)	(337)	(16,635)
Net book value as of 1 January 2024	**4,191**	**236**	**372**	**-**	**509**	**4,576**	**1 175**	**11,059**
Net book value as of 30 June 2024	**7,331**	**489**	**465**	**12**	**792**	**5,488**	**2,132**	**16,709**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
18. Property, plant and equipment (continued)

	Right-of-use assets	Machinery & equipment	Computers	Motor Vehicles	Furniture and Fittings	Managed Services assets	Other	Total
Book value	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance as of 1 January 2023	5,650	1,695	1,971	26	657	5,651	375	16,025
Additions	4,093	173	363	-	406	1,397	1,001	7,433
Disposals	(249)	(2)	(85)	-	-	-	-	(336)
Change in use	-	(10)	10	-	-	-	-	-
Exchange adjustment	3	-	-	-	-	-	-	3
Balance as of 31 December 2023	9,497	1,856	2,259	26	1,063	7,048	1,376	23,125
Accumulated depreciation:								
Balance as of 1 January 2023	(3,658)	(1,404)	(1,631)	(26)	(457)	(1,375)	-	(8,551)
Depreciation for the year	(1,858)	(224)	(326)	-	(97)	(1,097)	(201)	(3,803)
Disposals	210	2	76	-	-	-	-	288
Impairment charge for the year	-	6	(6)	-	-	-	-	-
Balance as of 31 December 2023	(5,306)	(1,620)	(1,887)	(26)	(554)	(2,472)	(201)	(12,066)
Net book value as of 1 January 2023	**1,992**	**291**	**340**	**-**	**200**	**4,276**	**375**	**7,474**
Net book value as of 31 December 2023	**4,191**	**236**	**372**	**-**	**509**	**4,576**	**1,175**	**11,059**

Group Other includes improvements of a leased asset (office). Acquired assets for the amount of BGN 375 thousand have been reclassified in this group for 2022 from Intangible assets, group Other.
The Group has performed impairment testing on the property, plant and equipment as at the end of 2023. There are no indicators that the balance value exceeds the carrying value of the assets. Therefore no impairment loss was recognised in the financial statements. Managed services assets represent machinery and equipment, computers and inventory used under contracts for managed services.

Geographical information

as at 30 June 2024	**Bulgaria**	**Other European countries**	**Counties outside Europe**	**Total**
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***
Property, plant and equipment	8,463	6,788	1,458	16,709
Investment properties	-	454	-	454
Intangible assets	1,058	192	-	1,250
Prepayments	6,120	6,185	851	13,156
	15,641	**13,619**	**2,309**	**31,569**

as at 31 December 2023	**Bulgaria**	**Other European countries**	**Counties outside Europe**	**Total**
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***
Property, plant and equipment	5,867	3,715	1,477	11,059
Investment properties	-	454	-	454
Intangible assets	1,002	28	-	1,030
Prepayments	6,820	5,129	664	12,613
	13,689	**9,326**	**2,141**	**25,156**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

19. Investment property

	30.06.2024 BGN'000	*31.12.2023 BGN'000*
Opening balance at 1 January	454	448
Net result from a fair value remeasurement	-	6
Closing balance as at the end of the period	**454**	**454**

	01.01.2024 - 30.06.2024 BGN'000	*01.01.2023 - 30.06.2023 BGN'000*
Rental income derived from investment properties	15	15
Net profit arising from investment properties carried at fair value	**15**	**15**

Description of valuation techniques and key assumptions used in determining the fair value of the investment property.

	Valuation technique (DCF method)
Significant unobservable inputs	Range
-Estimated rental value per sqm per month	EUR 8,50 – 7,10
-Rent growth p.a.	1%
-Discount rate	9%

20. Intangible assets

	Software	**Development Costs**	**Other**	**Total**
Book value:	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance as of 1 January 2024	3,667	741	458	4,866
Additions	-	134	-	134
Acquisition of subsidiary	4 839	-	471	5 310
Balance as of 30 June 2024	8,506	875	929	10,310
Accumulated amortization:				
Balance as of 1 January 2024	(3,558)	-	(278)	(3,836)
Amortisation for the year	(56)	-	(26)	(82)
Acquisition of subsidiary	(4 674)	-	(468)	(5 142)
Balance as of 30 June 2024	(8,288)	-	(772)	(9,060)
Net book value as of 1 January 2024	**109**	**741**	**180**	**1 030**
Net book value as of 30 June 2024	**218**	**875**	**157**	**1,250**

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20. Intangible assets (continued)

	Software	Development Costs	Other	Total
Book value:	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Balance as of 1 January 2023	3,640	288	335	4,263
Additions	27	453	123	603
Balance as of 31 December 2023	3,667	741	458	4,866
Accumulated amortization:				
Balance as of 1 January 2023	(3,424)	-	(199)	(3,623)
Amortisation for the year	(134)	-	(79)	(213)
Balance as of 31 December 2023	(3,558)	-	(278)	(3,836)
Net book value as of 1 January 2023	**216**	**288**	**136**	**640**
Net book value as of 31 December 2023	**109**	**741**	**180**	**1,030**

The Group invests considerable resources in the development of new products - software solutions in areas, such as, next generation communications, information and cyber security, integrated security, Internet of Things. The Other intangible assets category mainly includes capitalized costs for rebranding.

The Group carried out an annual impairment testing as at the end of 2023. 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.

21. Inventories

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
Materials	620	534
Goods	13,823	6,501
Dispatched goods	1	173
Work in progress	5,119	4,861
	19,563	**12,069**

Write-down allowance for inventories

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
At 1 January	125	62
Charge for the year	-	63
Unused amounts reversed	-	-
Discontinued operations	-	-
At the end of the period	**125**	**125**

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22. Trade and other receivables and contract assets

Trade and other receivables

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
Trade receivables from related parties, gross (note 31)	6,968	9,793
Trade receivables from third parties, gross	29,785	41,602
Loss allowance	(319)	(319)
Trade receivables	**36,434**	**51,076**
Other receivables	2,880	2,876
Trade and other receivables	**39,314**	**53,952**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
The Group has established registered pledge over current and future trade receivables under individual contracts of Telelink Business Services EAD in order to secure the funds utilised under an overdraft facility and additional pledges of current and future receivables of Telelink Business Services EAD under the projects financed by the revolving credit facility. The funds utilized by Telelink Business Services EAD under the contract amounted to BGN 18,800 thousand as at 30 June 2024 (as at 31 December 2023: BGN 2,687 thousand).

Other receivables includes mainly paid advances to suppliers and court receivables.

Contract assets

As at 30 June 2024, the Group had contract assets amounted BGN 9,272 thousand (31 December 2023: BGN 15,642 thousand). The Group does not expect credit losses on contract assets.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
Loss allowance at 01 January	**319**	**393**
Amounts written off	-	(74)
Loss allowance at the end of the period	**319**	**319**

The ageing analysis of trade receivables and contract assets as at 30 June 2024 and 31 December 2023 is presented in the following table:

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22. Trade and other receivables and contract assets (continued)

30 June 2024	Current BGN'000	Days past due < 30 days BGN'000	31-60 days BGN'000	61 - 90 days BGN'000	91 - 180 days BGN'000	> 181 days BGN'000	Total BGN'000
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Receivables from related parties, gross	6,571	77	9	34	141	136	**6,968**
Receivables from third-party customers, gross	24,023	1,955	683	1,433	556	1,135	**29,785**
Contract assets, gross	9,272	-	-	-	-	-	**9,272**
Loss allowance of trade receivables and contract assets	-	-	-	-	-	(319)	**(319)**
Total trade receivables and contract assets	**39,866**	**2,032**	**692**	**1,467**	**697**	**952**	**45,706**

31 December 2023	Current BGN'000	Days past due < 30 days BGN'000	31-60 days BGN'000	61 - 90 days BGN'000	91 - 180 days BGN'000	> 181 days BGN'000	Total BGN'000
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Receivables from related parties, gross	9,582	41	32	29	39	70	**9,793**
Receivables from third-party customers, gross	31,368	6,003	1,733	439	965	1,094	**41,602**
Contract assets, gross	15,642	-	-	-	-	-	**15,642**
Loss allowance of trade receivables and contract assets	-	-	-	-	-	(319)	**(319)**
Total trade receivables and contract assets	**56,592**	**6,044**	**1,765**	**468**	**1 004**	**845**	**66,718**

23. Loans granted

Current	**Maturity**	***30.06.2024 BGN'000***	***31.12.2023 BGN'000***
Third parties	2017/2020	1,401	1,401
Loss allowance		(1,401)	(1,401)
		-	**-**

As at 30 June 2024 and 31 December 2023, the Group have not granted loans, besides the USD loans that are fully impaired as at 31 December 2017.

24. Cash and cash equivalents

	30.06.2024 BGN'000	***31.12.2023 BGN'000***
Cash and cash equivalents in hand	518	4
Cash and cash equivalents in current accounts	6,922	13,930
Cash and cash equivalents in accounts subject of special conditions	1	1
Short-term deposits	143	156
	7,584	**14,091**

24. Cash and cash equivalents (continued)

Cash in bank accounts bear floating interest rates based on the daily interest rates on bank deposits. Short-term deposits are made for various periods between one week and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits as at 30 June 2024 and 31 December 2023 equals their carrying amount. Amounts in accounts with special conditions have been transferred and not withdrawn as of December 31 of the respective year dividends from certain shareholders.

25. Government grants

In 2019, Telelink Business Services EAD, being part of a Consortium, in which more than 30 partners from various European countries participate, received the first tranche from financing under the Operational Program ECHO European network of Cybersecurity centres and competence Hub for innovation and Operations. The funds of BGN 464 thousand under the Program was provided and utilized to cover personnel costs. In 2020 the Group received second tranche of funds under the Program at the amount of BGN 383 thousand and last tranche of funds at the amount of BGN 97 thousand in 2022. In May 2024 Telelink Business Services EAD received the last tranche at the amount of BGN 120 thousand.
In 2022, Telelink Business Services EAD also received funding under the following European programs: European Commission - SynGReDiT EDIH Stara Zagora 2022 – tranche in the amount of BGN 61 thousand; European Commission AI CISO Horizon Europe 2022 – DYNAMO – tranche in the amount of BGN 428 thousand; ACTING - European Commission EDF 2022/2026 – an amount of BGN 704 thousand. In all three programs, Telelink Business Services EAD participates jointly in consortia with European and Bulgarian companies, and the funds are intended for the costs of personnel employed in the implementation of the programs for two to four years.
In 2023, Telelink Business Services EAD received funding under the following European program - Veles Excellence hub 2023 - tranche in the amount of BGN 398 thousand.

In April 2024, the Group acquired the Croatian company Sedam IT DOO, which is a participant in two European programs for the financing of personnel costs employed in the implementation of the defined objectives of the programs - Eurostars and MZOŠ. The amount in 2024 received as Eurostars project funding is BGN 130 thousand.

The amount of government grants recognized in the financial statements corresponds to the useful life of the acquired items of property, plant and equipment, and intangible assets, and the hired services used:

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
Balance on 1 January	1,388	1,276
Acquisition of subsidiary (note 38)	(275)	
Received during the year	250	398
Released to profit and loss (note 12)	(346)	(286)
Balance at the end of the period	**1,017**	**1,388**
Current	214	585
Non-current	803	803
	1,017	**1,388**

26. Interest-bearing loans and borrowings

Current	Interest rate %	*30.06.2024* *BGN'000*	*31.12.2023* *BGN'000*
UniCredit (Slovenia), overdraft	1M EURIBOR + 1.5%	1,734	1,507
UniCredit (Bulgaria), revolving credit	2.35% +ADI	5,524	2,687
UBB (Bulgaria), revolving credit	RIR + 1.7%	6,600	
UBB (Bulgaria), overdraft	RIR + 1.5%	1,142	
UniCredit (Bulgaria), overdraft	2.35% +ADI	6,676	
UniCredit (Bulgaria), investment loan	3M EURIBOR + 2.2%	1,389	
Erste Bank (Croatia), revolving credit	5%	2,054	
RBB (Croatia), factoring	6MEURIBOR +1.80%	927	
RBB (Croatia), revolving	1M EURIBOR + 1.85%	782	
Zagrebacka Banka (Croatia), overdraft	3M EURIBOR + 1.5%	406	
		27,234	**4,194**

On February 15 2022, an overdraft agreement was signed between Telelink Business Services Group AD and Raiffeisenbank (Bulgaria) EAD with a total limit of 2,000,000 euro, available for utilization in the form of any or a combination of:

- Overdraft credit with a repayment deadline of February 27, 2027;
- Contingent bank credit securing the issuance of guarantees with an availability period until January 28, 2027.

All limits are available for utilization in leva, euro or US dollars at respective interest rates of reference interest rate (RIR) +1.5%, 1m. EURIBOR + 1.5% and 1m. LIBOR + 1.5%, but no less than 1.5% (regardless of the utilization currency).
Provided security under the agreement included:

- pledge of receivables from accounts with the bank;
- pledge of current and future receivables from commercial agreements between Telelink Business Services Group AD and its subsidiaries;
- suretyship by Telelink Business Services EAD.

On April 05 2023, Annex №1 was signed to the Overdraft agreement between the between Telelink Business Services Group AD (TBSG AD) and Raiffeisenbank (Bulgaria) EAD (now United Bulgarian Bank AD from February 15 2022, whereby the credit limit utilization and repayment deadlines were extended until February 27 2027 for the utilization of overdraft, until January 28 2027 for utilization pursuant to bank guarantees and until February 28 2027 for the repayment of utilized credit funds as a whole.
Provided security under the agreement continued to include a pledge of receivables from accounts with the bank, a pledge of current and future receivables from commercial agreements between Telelink Business Services Group AD and its subsidiaries and a suretyship by Telelink Business Services EAD.
As of June 30, 2024, the Telelink Business Services Group AD has outstanding principal or interest payables under the agreement at the amount of BGN 1,142 thousand and zero outstanding principal or interest payable as at December 31, 2023.

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26. Interest-bearing loans and borrowings (continued)

As of June 30, 2024 the Agreement for undertaking credit commitments under an overdraft credit line № 0018/730/10102019 from October 10 2019 between Telelink Business Services EAD (TBS EAD) and Unicredit Bulbank AD remained in force.

Material changes made to the agreement and the suretyship and pledge agreements signed as security thereto during the reporting period included:

- Annex №8 from January 13 2023, whereby the interest rate for drawdowns in BGN was changed from BIR + 1.357% to the lending bank's average deposit index (ADI) + 1.65%;
- Annex №9 from May 31 2023, whereby the maximum utilization term was extended until June 30 2023;
- Annex №10 from June 30 2023 г., whereby the maximum utilization term was extended until May 31 2024, the overall credit limit was changed from EUR 13,000,000 to EUR 15,000,000, including a change in the overdraft credit limit from EUR 3,000,000 to EUR 4,000,000, a change in the revolving credit limit from EUR 4,000,000 to EUR 5,000,000 евро and a change in the contingent credit limit securing the issuance of bank guarantees from EUR 13,000,000 to EUR 15,000,000 but not more than difference between the overall credit limit and outstanding principal obligations under the overdraft and revolving credit limits, and the interest rate for drawdowns in BGN was changed from ADI + 1.65% to ADI + 2.35%;
- Annex №6 from June 30 2023 to the Suretyship agreement from October 10 2019 between UniCredit Bulbank AD and TBSG AD for extending the validity until May 31 2024 and harmonizing the secured overall credit limit under the Agreement for undertaking credit commitments under an overdraft credit line from EUR 13,000,000 to EUR 15,000,000;
- Annex №12 November 30 2023, whereby the overall credit limit was changed from EUR 15,000,000 to EUR 18,000,000, including a change in the contingent credit limit securing the issuance of bank guarantees from EUR 15,000,000 to EUR 18,000,000 but not more than difference between the overall credit limit and outstanding principal obligations under the overdraft and revolving credit limits;
- Annex №7 November 30 2023 to the Suretyship agreement from October 10 2019 between UniCredit Bulbank AD and TBSG AD and Annex №1 from November 30 2023 to the Share pledge agreement between UniCredit Bulbank AD and TBSG AD for harmonizing the thereby secured overall credit limit under the Agreement for undertaking credit commitments under an overdraft credit line from EUR 15,000,000 to EUR 18,000,000.
- Annex No. 15 to the agreement, signed on 28.06.2024, as of 30.06.2024 the total credit limit amounts to EUR 20,000,000, to be drawn down in the form of an overdraft facility of up to EUR 4,000,000, a revolving credit facility of up to EUR 6,000,000 and bank guarantees in BGN, EUR or USD at the respective interest rates for effectively drawn down funds of ODI + 2.35%, 1m. EURIBOR + 1.5% and 1m. LIBOR + 1.5% with a base drawdown period until 31.05.2025 and repayment periods until 31.07.2025 for the overdraft and 31.05.2026 for the revolving credit.

  Telelink Business Services EAD has outstanding principal and interest obligations under the contract as at 30 June 2024 at the amount of BGN 12,200 thousand and BGN 2,687 thousand as at 31 December 2023.

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26. Interest-bearing loans and borrowings (continued)

As of June 30, 2024, all limits are available for utilization in BGN, EUR or USD at respectively applicable interest rates of ADI + 2.35%, 1m. EURIBOR + 1.5% and 1m. LIBOR + 1.5%, but no less than 1.5% for utilization in EUR and USD.
Security provided under the agreement includes continued to include a pledge over receivables from accounts with the bank, a pledge of existing and future receivables from individualized contracts of TBS EAD securing utilized overdraft funds and additional pledges of current and future receivables of TBS EAD from projects financed with revolving credit, a pledge over 100% of the shares in the capital of TBS EAD and related receivables and suretyship by TBSG AD, including a commitment to maintain its participation in the capital of TBS EAD.

On December 14 2023, Revolving bank credit agreement №23F-10092889-95625 was signed between TBS EAD and United Bulgarian Bank AD with a credit limit of EUR 4,000,000 and utilization and repayment deadlines respectively until November 29 2025 and November 30 2025.
The limit is available for utilization in BGN and EUR at respectively applicable interest rates of the lending bank's short-term interest rate (SIR) + 1.7%, but no less than 1.7%, and 1m. EURIBOR + 1.5%, but no less than 1.5%.
TBS EAD's obligations under the agreement are secured with a first ranking specific pledge over all of the company's current and future receivables approved for financing under the agreement, including but not limited to the receivables arising from a contract between TBS EAD and the Prosecutor's office the Republic of Bulgaria for the implementation of public procurement order № 50/08.06.2023, item № 2, pertaining to the Delivery and Installation of software bundles and hardware devices for the definition of a backbone network, network equipment for database access, internet traffic and edge layer firewalls, local network email, electronic identity and information access management and control system", as well as with a financial collateral pledge and agreement under the Law on Financial Collateral Agreements over the receivables from all of TBS EAD's accounts with the bank.
As of December 31 2023, TBS EAD had not utilized any funds and did not have any outstanding principal or interest obligations under the agreement. As at 30 June 2024 the outstanding principal or interest obligations are the amount of BGN 6,600 thousand

On January 16 2023, Comutel signed an annex for the annual renewal of the Credit facility agreement with Raiffeisen Banka AD Beograd (Serbia) №265-0000001624611-36 from February 21 2016 until January 27 2024. With annex from June 2024 the term of the contract is prolonged till February 28, 2025.
The limit for the effective drawdown of funds under the agreement in the form of revolving credit for working capital financing, which is available for utilization on the basis of separate requests up to the amount of respectively pledged client receivables, was maintained at the amount of USD 2,500 thousand.
The applicable interest rates were changed to 3m. SOFR + 2.6% for utilization in USD, 1m. BELIBOR + 2.8% for utilization in Serbian dinars and 3M EURIBOR + 2.6% for euro.
Security provided under the agreement continued to include pledges over individual receivables from a specified key account of the company presented at each separate drawdown, as well as a suretyship by TBS EAD.

As of June 30, 2024 and December 31, 2023, Comutel has no outstanding principal and interest obligations under the agreement.

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26. Interest-bearing loans and borrowings (continued)

On January 20 2023, an annex was signed to Frame loan agreement №5074/2022 between Unicredit Slovenia and Telelink Slovenia from March 22 2022 with a limit of up to EUR 1,500,000 available for utilization in the form of revolving credit and/or bank guarantees, whereby the tenor was extended until January 18 2024 and the annual interest rate was changed from 1m. EURIBOR + 1.5% to 3m. EURIBOR + 1.6%.
A corporate guarantee provided by TBSG AD was maintained as security to Telelink Slovenia's obligations under the agreement.

As of 30.06.2024, the Company's outstanding obligations under the contract amount to BGN 1,734 thousand (as of 31.12.2023 - BGN 1,507 thousand).

On March 01 2023, a Frame overdraft agreement was signed between TBS Croatia and Zagrebska banka d.d. with a tenor until February 29 2024, a maximum amount of EUR 245,500 and an annual interest rate of 3m. EURIBOR + 0.39%, secured with a corporate guarantee from TBSG AD.
On December 18 2023, Frame overdraft agreement №1102903942 was signed between TBS Croatia and Zagrebačka banka d.d. with a tenor until July 31 2024, a maximum amount of EUR 600,000 and an annual interest rate of 3m. EURIBOR + 1.5%.%, secured with a corporate guarantee from TBSG AD. With annex dated 21.06.2024 the maximum contractual limit was changed from EUR 600,000 to EUR 1,200,000.
As of June 30 2024, TBS Croatia had outstanding obligations under the contract amount to BGN 406 thousand (as of 31.12.2023 - BGN 0).

During the reporting period, TBS Macedonia maintained its Frame limit agreement with Pro Credit Banka AD Skopje from July 20 2021 with an overall limit of EUR 500,000 available for utilization as overdraft, revolving credit, bank guarantees and/or other credit instruments, annual interest rate of 5% and a maximum term until July 15 2031.
On December 11 2023, Annex №1 to the agreement was signed, adding as security to the agreement a bank guarantee issued by UniCredit Bulbank AD and provided by TBSG AD for the amount of EUR 300,000, valid until May 31 2025.
As of 30.06.2024 and 31.12.2023. Telelink Business Services Macedonia has no outstanding principal and interest obligations under the contract.

Sedam IT DOO Croatia has entered into a loan agreement with Erste Bank DD with a maximum limit of EUR 1,300,000 with a term of 01.05.2025 and an annual interest rate of 5.25%. As of 30.06.2024 the Company's outstanding liabilities under the agreement amounted to BGN 2,054 thousand.

Sedam IT DOO has signed a financing agreement in the form of factoring with Raiffeisenbank Austria d.d. with a maximum limit of EUR 1,100,000, term until 31.01.2025 and applicable interest rate - 6M EURIBOR + 1.80%. The Company has also entered into a bank loan agreement with Raiffeisenbank Austria d.d. with a maximum drawdown of EUR 400,000 and an applicable interest rate of 1M EURIBOR + 1.85%. As of 30.06.2024, the outstanding liabilities of Sedam IT DOO Croatia are respectively BGN 927 thousand under the factoring agreement and BGN 782 thousand under the loan agreement.

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26. Interest-bearing loans and borrowings (continued)

Non-current	Interest rate %	*30.06.2024* *BGN'000*	*31.12.2023* *BGN'000*
UniCredit (Bulgaria), investment credit	3M EURIBOR + 2.2%	5,902	-
		5,902	**-**

In connection with the acquisition of 7IT, on 19.03.2024 the Bank Investment Loan Agreement No. 00044/730/19.03. 2024 between TBSG AD as borrower, TBS EAD as co-obligor and UniCredit Bulbank AD for the purpose of financing the acquisition of 100% of the shares in the capital of 7IT, total limit of EUR 7,000,000, but not more than 70% of the acquisition costs, subject to drawdown in three tranches in accordance with the method of formation and payment of the price set out in the Share Acquisition Agreement and repayment of each tranche in equal monthly or quarterly instalments at the interest rate of 3M EURIBOR +2.2% for regular debt. The securities set forth in the agreement include:

- A pledge of 50% of all dividend receivables of the Company from its subsidiaries, provided that the Company shall be free to dispose of such receivables and the cash proceeds therefrom unless and so long as there is a material event of default or acceleration by the Bank under the agreement;
- Pledge of all present and future trade receivables of the Company from Sedam IT d.o.o.;
- Pledge of 100% of the Company's shares in the capital of Sedam IT d.o.o. and the corresponding dividend receivable;
- Pledge under the Financial Collateral Contracts Act (FCCA) of all receivables on accounts opened with the creditor bank of the Company and TBS EAD.

On 10.04.2024, Annex No. 1 was signed to the agreement, establishing a repayment plan for the amount of EUR 3,568,730 drawn down on 28.03.2024 to finance the upfront initial payment for the acquisition of 100% of the shares in the capital of 7IT, in 65 equal monthly instalments starting on 01.05.2024 and ending on 01.09.2029.

In relation to the additional amount of €277,590 drawn down to finance the balancing amount paid in determining the final initial payment for the acquisition, on 30.04.2024. TBSG AD signed Annex No. 2 to the agreement, whereby the amount and the amount of the monthly principal repayments in the repayment plan were updated in accordance with the loan amount reached as of 30.04.2024 (EUR 3,846,320).

As at 30.06.2024, the Company's outstanding liabilities under the agreement totaled BGN 7,291 thousand, of which BGN 1,389 thousand represented short-term financial debt and BGN 5,902 thousand long-term financial debt.

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

	30.06.2024 *BGN'000*	*31.12.2023* *BGN'000*
Interest-bearing loans and borrowings at 01 January	**4,194**	**2,879**
Proceeds from borrowings	67,427	59,353
Repayments of borrowings	(42,469)	(58,050)
Acquisition of subsidiary	3,972	-
Interest expense	367	327
Interest paid	(355)	(315)
Interest-bearing loans and borrowings at the end of the period	**33,136**	**4,194**

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27. Leases

The Group has leases for offices, vehicles, and managed services assets used in the business. Leases for managed services assets have lease terms between 3 and 4 years, vehicles - 4 years, and rented offices 2 - 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.
There are no lease contracts that include extension and termination options and variable lease payments.

The Group also has certain leases of premises or equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Machinery & equipment	Motor Vehicles	Managed Services assets	Total
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*
Balance at 1 January 2024	3,021	-	818	352	4,191
incl. under Lease contracts with transfer of ownership by the end of the lease term	-	-	-	*352*	*352*
Adjustment on transition to IFRS 16 *	*446*	-	*1,477*	-	*1,923*
Additions	2,270	-	213	-	2,483
Disposals	(96)	-	(51)	(3)	(150)
Depreciation	(678)	-	(289)	(149)	(1,116)
incl. under Lease contracts with transfer of ownership by the end of the lease term	-	-	-	*(149)*	*(149)*
Balance at 30 June 2024	**4,963**	**-**	**2,168**	**200**	**7,331**

	Buildings	Machinery & equipment	Motor Vehicles	Managed Services assets	Total
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*
Balance at 1 January 2023	714	-	474	804	1,992
incl. under Lease contracts with transfer of ownership by the end of the lease term	-	-	*44*	*804*	*848*
Additions	3 392	-	701	-	4 093
incl. under Lease contracts with transfer of ownership by the end of the lease term	-	-	-	-	-
Disposals	-	-	(39)	-	(39)
Depreciation	(1 087)	-	(319)	(452)	(1,858)
incl. under Lease contracts with transfer of ownership by the end of the lease term	-	-	*(18)*	*(419)*	*(437)*
Exchange differences	2	-	1	-	3
Balance at 31 Dec 2023	**3,021**	**-**	**818**	**352**	**4,191**

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27. Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	*2023*
	BGN '000	*BGN '000*
Balance at the beginning of the period	**4,049**	**1,379**
Adjustment on transition to IFRS 16*	1,932	-
Exercised termination option	(151)	(46)
Additions	2,483	4,093
Accretion of interest	100	127
Payments	(1,005)	(1,504)
Exchange differences	6	-
Balance at the end of the period	**7,414**	**4,049**
Current	2,262	1,228
Non-current	5,152	2,821

*Effect of adoption of IFRS 16 Leases - Sedam IT DOO, acquired in 2024, elects to transition from applying the NAS to IFRS framework starting 1 January 2024 and applies the modified retrospective method under IFRS 16 Leases with an initial date of 1 January 2024. Under this method, the standard is applied retrospectively with the cumulative effect of initial application recognized at the date of initial application.

Set out below are the lease related amounts recognised in profit and loss:

	01.01.2024 - 30.06.2024	*01.01.2023 - 30.06.2023*
	BGN '000	*BGN '000*
Depreciation expense of rights-of-use assets	(1,116)	(1,027)
Interest expenses on lease liabilities	(100)	(68)
Expenses relating to short-term leases	(15)	(15)
Total amount recognised in profit or loss	**(1,231)**	**(1,110)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

28. Trade and other payables

	30.06.2024	*31.12.2023*
	BGN'000	***BGN'000***
Trade payables to related parties (note 31)	58	48
Trade payables to third parties	26,721	47,068
Accrued expenses	5,548	7,756
Trade payables	**32,327**	**54,872**
Tax and other statutory liabilities	1,711	5,328
Personnel payables and other	8,244	4,271
Trade and other payables	**42,282**	**64,471**

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.

Included in other payables are BGN 5,192 thousand of other non-current liabilities, which represent contingent liabilities related to the acquisition of the Sedam IT DOO. Pursuant to the share purchase agreement of Sedam IT DOO, an amount of EUR 2,654,458 are contingent deferred payments, the final amount of which will be established in 2025 and 2026 depending on the financial performance of Sedam IT DOO in 2024 and 2025 and represent the maximum total amount of such payments.

Other payables are non-interest bearing and have an average term of 30 days. Other liabilities are mainly formed by short-term payables to personnel and accrued unused paid leave.

29. Contract liabilities

	30.06.2024	*31.12.2023*
	BGN'000	***BGN'000***
Contract liabilities to related parties	-	745
Advances received	1,050	5,996
Deferred income	22,800	27,653
Total contract liabilities	**23,850**	**34,394**
Current	13,776	25,183
Non-current	10,074	9,211
	23,850	**34,394**

Advances received from clients and Deferred income represent customer billed amounts in advance of performance are classified within Contract liabilities. Advances received represent short-term upfront amount received by customers for services or goods. Deferred income comprises of short and long term advances received for extended customer support.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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30. Retirement benefit liability

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
Balance on 1 January	40	32
Accrued for the year	-	8
Balance on 31 December	**40**	**40**

Major assumptions used for accounting purposes:

Major assumptions	*30.06.2024*	*31.12.2023*
Discount Rate	0,40%	0,40%
Future Salary Increases	5,00%	5,00%
Personnel Retention Rate	80,14%	80,14%

There have been no reasonably possible changes in key assumptions that could have a significant impact on the retirement benefit liability as of year-end.

The average duration of the retirement benefit obligation is 27.79 years.

31. Related party disclosures

Group related party

Name		**Nature of relationship**
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 DOO – Podgorica (Montenegro)	Subsidiary of	Telelink Business Services Group AD – 100%
Telelink DOO (Bosna 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 GmbH (Germany)	Subsidiary of	Telelink Business Services Group AD – 100%
SEDAM IT DOO (Croatia)	Subsidiary of	Telelink Business Services Group AD – 100%

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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31. Related party disclosures (continued)

Other related parties

Name	**Nature of relationship**
Telelink Bulgaria EAD (Bulgaria)	Under common control
Telelink Infra Services EAD (Bulgaria)	Under common control
Telelink UK Limited (United Kingdom)	Under common control
Telelink GmbH (Germany)	Under common control
Telelink MK DOOEL (North Macedonia)	Under common control
Telelink MK DOOEL branch Kosovo (Kosovo)	Under common control
Telelink Infra Services SHPK (Albania)	Under common control
Telelink City Group EAD (Bulgaria)	Under common control
Telelink City EOOD (Bulgaria)	Under common control
Telelink Services Romania SRL (Romania)	Under common control
Modeshift Inc, (USA)	Under common control
Modeshift Europe AD (Bulgaria)	Under common control
Field on Track LTD. (United Kingdom)	Under common control
Field on Track OOD (Bulgaria)	Under common control
EARLS Investment- und Verwaltungs GmbH	Under common control
Penergy Invest EOOD	Under common control
SIL Energy Invest EAD	Under common control
Iskar Lake House OOD	Under common control
ALONHON INVESTMENTS HOLDING LIMITED (UAE)	Under common control
V_investments Bulgaria EOOD (Bulgaria)	Under common control
Telelink Investments EOOD (Bulgaria)	Under common control

Participation in joint arrangements in 2024 and 2023:

Name		**Nature of relationship**
Consorcium SysTel (Bulgaria)	Participation	TeleLink Business Services EAD - 50%
Consortium ATP Services (Bulgaria)	Participation	TeleLink Business Services EAD
Consortium Telesec (Bulgaria)	Participation	TeleLink Business Services EAD - 50%
Consortium Telelink Info (Bulgaria)	Participation	TeleLink Business Services EAD - 78%
Consortium Telelink Group (Bulgaria)	Participation	TeleLink Business Services EAD - 50%
Consortium TelechnoLink (Bulgaria)	Participation	TeleLink Business Services EAD - 59,10%
Consortium Bulgarski porechiya (Bulgaria)	Participation	TeleLink Business Services EAD - 15%
Consortium TeleSystems (Bulgaria)	Participation	TeleLink Business Services EAD - 63,50%
Consortium Digital Backpack (Bulgaria)	Participation	Telelink Business Services EAD- 50%
Consortium Te Le Es (Bulgaria)	Participation	Telelink Business Services EAD- 50%
Consortium Sigurni Granici Telesec (Bulgaria)	Participation	TeleLink Business Services EAD -50%

Set out below is the total amount of the transactions concluded with related parties throughout the respective financial year, as well as the outstanding balances as at the end of each financial year:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
31. Related party disclosure (continued)

Trade	**Sales to related parties**		**Purchases from related parties**	
	01.01.2024 - 30.06.2024	***01.01.2023 - 30.06.2023***	***01.01.2024 - 30.06.2024***	***01.01.2023 - 30.06.2023***
Name	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***
Other related parties (under common control)	861	430	1	54
	861	**430**	**1**	**54**

Trade	**Receivables from related parties**		**Payables to related parties**	
	30.06.2024	***31.12.2023***	***30.06.2024***	***31.12.2023***
Name	***BGN'000***	***BGN'000***	***BGN'000***	***BGN'000***
Other related parties (under common control)	6,889	6,939	57	48
	6,889	**6,939**	**57**	**48**

Amounts due by related parties are included in trade and other receivables (Note 22). Amounts due to related parties are included in trade and other payables (Note 28).

Terms of transactions with related parties
Sales to and purchases from related parties are performed at contractual prices. Receivables and liabilities from and to related parties cannot be set-off. Outstanding year-end balances are unsecured, interest-free (except for loans) and settled in cash. No guarantees have been provided or received for the receivables from or liabilities to related parties. The Group has not impaired receivables from related parties as at 30 June 2024 (2023: nil). Impairment review is performed each financial year based on an analysis of the financial position of the related party and the market in which it operates.

Joint arrangements
The interests of Telelink Business Services EAD in joint arrangements are regulated by consortium agreements. Telelink Business Services EAD and the other parties agree, based on mutual cooperation, to combine their efforts in the form of consortium to implement certain projects where no party holds control. The partners participate with assets, liabilities, income and expenses corresponding to their share in the consortium. The consortiums generate no profit or loss.

Set out below are the interests of Telelink Business Services EAD – income, expenses, assets and liabilities in the consortiums and these interests by their nature may be defined as transactions of the Group with third parties:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
31. Related party disclosure (continued)

Income Statement	**Sales to joint operations**		**Purchases from joint operations**	
	01.01.2024 - 30.06.2024	***01.01.2023 - 30.06.2023***	***01.01.2024 - 30.06.2024***	***01.01.2023 - 30.06.2023***
Name	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***
Consortium ATP Services (Bulgaria)	95	95	-	-
Consortium TeleSec(Bulgaria)	103	129	-	-
Consortium Telelink Group (Bulgaria)	-	1	1	-
Consortium TelechnoLink (Bulgaria)	242	-	-	-
Consorcium SysTel (Bulgaria)	2,035	671	-	-
Consortium TeleSystems (Bulgaria)	-	1	-	-
Consortium Digital Backpack (Bulgaria)	153	153	-	-
Consortium Bulgarski porechiya (Bulgaria)	-	71	-	-
Consortium Telelink Info (Bulgaria)	-	346	-	-
Consortium Te Le Es (Bulgaria)	-	18	-	-
Consortium Sigurni Granici Telesec (Bulgaria)	2,260	272	-	-
	4,888	**1,757**	**1**	**-**

Statement of Financial Position	**Trade receivables from joint operations**		**Trade payables to joint operations**	
	30.06.2024	***31.12.2023***	***30.06.2024***	***31.12.2023***
Name	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***
Consortium ATP Services (Bulgaria)	19	17	-	-
Consortium Telelink Group (Bulgaria)	-	-	1	-
Consortium TelechnoLink (Bulgaria)	1	-	-	-
Consorcium SysTel (Bulgaria)	10	12	-	-
Consortium Telelink Info (Bulgaria)	1	1	-	-
Consortium Sigurni Granici Telesec (Bulgaria)	48	2,824	-	-
	79	**2,854**	**1**	**-**

Statement of Financial Position	**Contract assets**		**Contract liabilities**	
	30.06.2024	***31.12.2023***	***30.06.2024***	***31.12.2023***
Name	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***
Consortium ATP Services (Bulgaria)	16	16	-	-
Consortium TeleSec(Bulgaria)	29	15	-	-
Consortium TelechnoLink (Bulgaria)	891	951	-	-
	937	**981**	**-**	**-**

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32. Share capital and reserves

Registered capital	2024 Shares	2023 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

All ordinary shares are fully paid in.

Telelink Business Services Group AD was established in July 2019 with a share capital of BGN 50 thousand. The share capital available as of 31 December 2020 amounting to BGN 12,500 thousand was formed as a result of the Reorganization of Telelink Bulgaria EAD, whereby Telelink Bulgaria EAD allocated the net assets attributable to the separated Business Services activity amounting to BGN 12,667 thousand and the latter amount was allocated to the formation of additional share capital amounting to BGN 12,450 thousand and general reserves amounting to BGN 217 thousand.

Legal reserves

Legal reserves are formed from retained earnings in accordance with the statutory requirements and can be used to offset future losses. Pursuant to article 246 of the Commercial Act, legal reserves should be set aside until they reach one tenth or more of the company's registered capital. The sources of funding these reserves may be at least one tenth of the net profit, share premiums upon share issuing, and other sources provided for by the statutes of the Company or by resolution of the General Meeting of Shareholders.

Legal reserves are formed from the retained earnings of Telelink Business Services Group AD (2022: BGN 1,250 thousand and 2021: BGN 981 thousand), Telelink Business Services EAD (2022 and 2021: BGN 100 thousand), Telelink Business Services North Macedonia (2022: BGN 2 thousand) and SEDAM IT DOO (2024: BGN 39 thousand)

The Group’s legal reserves as at 30 June 2024 were BGN 1,391 thousand (2023: BGN 1,352 thousand).

Other reserves

Other reserves were formed after applying the predecessor method upon the acquisition of the companies under common control and represent the difference between the investment in acquirees and the share capital of these entities.

The Group’s other reserves formed following the acquisition as at 31 December 2022 were BGN (14,124) thousand. As at 31 December 2023 the amount were BGN (13,717) thousand – the decrease in the amount of BGN 407 thousand is effect of impairment of the investment in Telelink Montenegro in year 2023. The remaining part of Other reserves is formed from obligations under Share-based payments incentive plans for the amount of BGN 474 thousand as at 31 December 2023 (2022: BGN 670 thousand). In 2023 shares at the amount of BGN 310 thousand were transferred to employees of the Group under the long-term share-based payment incentive Programme for management and key personnel from 2020 and expense at the amount of BGN 114.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

32. Share capital and reserves (continued)

thousand for the 2021 Programmes was accrued. As a result, the amount of Other reserves decreases by BGN 196 thousand. In year 2023 in position Other reserves were presented BGN 48 thousand formed by the difference in the share price on grant and vest date for the shares transferred to employees of subsidiaries if the Group.

As at 31 December 2023 an amount of BGN 87 thousand (2022: BGN 87 thousand) in Other reserves is formed of valuation of investment property in the subsidiary Comutel DOO.

In 2024 the Group transferred shares to employees of the Group and the subsidiaries under the long-term share-based payment incentive Programme for management and key personnel and Programme for Management Board from 2020.

Other components of equity

	Number of shares	*Other components of equity*
		BGN '000
At the beginning of the reporting period	**(2 078)**	**3**
Shares bought back on market	-	-
Share -based payments	1 516	14
Buy-back transaction costs		-
At the end of the reporting period	**(562)**	**17**

As at 31 December 2023 the Group held 2,078 own shares. In total, 23,500 own shares were bought back in 2023 for the purposes of employee incentive plans - Programme for management and key personnel and Programme for Management Board from 2020. In fulfillment of the latter, in 2023 the Group transferred 27,452 shares to the employees of the Group and to the members of the Company's Management Board. In 2024, 1,516 shares were transferred under the bonus scheme to Board members.

Translation reserves

Translation reserves are formed from the restatement of the subsidiaries' operating results and financial performance in the Group's presentation currency.

The translation reserves as at 30 June 2024 were BGN (554) thousand (2023: BGN (536) thousand).

33. Dividends distributed

Set out below are the dividends distributed by the Group companies to the parent company in 2024 and 2023:

	2024	***2023***
Name	***BGN'000***	***BGN'000***
Comutel DOO (Serbia)	-	137
Telelink DOO (Slovenia)	-	59
Telelink Business Services EAD (Bulgaria)	2,934	5,867

At 31 December 2023 the amount of the unpaid dividends from Telelink Business Services AD is BGN 934 thousand. At 30 June 2024 the amount is BGN 1,644 thousand.

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33. Dividends distributed (continued)

In 2024 and 2023, the General Meeting of Shareholders of Telelink Business Services Group AD decided that the profit will be transferred to retained earnings.

	30.06.2024 *BGN'000*	*31.12.2023* *BGN'000*
At the beginning of the period	-	297
Paid out	-	(297)
At the end of the period	**-**	**-**
Dividend per share 2023	0,000	0,000
Dividend per share 2024	0,000	0,000
Dividend per share	-	-

34. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities. If carrying amounts approximate fair values of financial assets and liabilities not measured at fair value, no information on the fair values is shown.

			Fair value measurement			
	2024	**Date of valuation**	**Total** *BGN'000*	**Quoted prices in active markets (Level 1)** *BGN'000*	**Significant observable inputs (Level 2)** *BGN'000*	**Significant unobservable inputs (Level 3)** *BGN'000*
Assets measured at fair value:						
Investment properties:						
Office properties		30.06.2024	454	-	-	454
Total assets measured at fair value			**454**	**-**	**-**	**454**

			Fair value measurement			
	2023	**Date of valuation**	**Total** *BGN'000*	**Quoted prices in active markets (Level 1)** *BGN'000*	**Significant observable inputs (Level 2)** *BGN'000*	**Significant unobservable inputs (Level 3)** *BGN'000*
Assets measured at fair value:						
Investment properties:						
Office properties		31.12.2023	454	-	-	454
Revalued property, plant and equipment						
Land and Buildings						
Total assets measured at fair value			**454**	**-**	**-**	**454**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

35. Commitments and contingencies

Litigations and claims: There are no significant litigation or claims against the Group.

Guarantees: Bank guarantees under contracts with clients and participation in tenders, issued by the Group servicing banks at 30 June 2024, amounted to BGN 17,722 thousand (at 31 December 2023: BGN 28,071 thousand).

Capital commitments: As at 30 June 2024 and 31 December 2023, The Group does not consider that there are material risks as a result of the dynamic fiscal and regulatory environment in the countries in which it has registered entities that would require adjustments to the financial statements for the period ending 30 June 2024.

Commitments to the benefit of related parties

As of 30 June 2024 and during the reporting period as a whole, the Telelink Business Services Group AD maintained its commitments of a guarantor, respectively pledgor under the following contracts signed as security to the obligations of Telelink Business Services EAD (TBS EAD) (UIN 130545438) under an Agreement for the undertaking of credit commitments under an overdraft credit line with Unicredit Bulbank AD from October 10 2019 described in section XII.8.2.1.1 of this Report and the annexes thereto until their final repayment:

- a suretyship agreement with Unicredit Bulbank AD, including a commitment to maintain the Telelink Business Services Group AD's participation in the capital of TBS EAD;
- a share pledge agreement with Unicredit Bulbank AD over the Issuer's 100% stake in the capital of TBS EAD and related receivables.
-

In accordance with Annex № 15 to the agreement signed on June 28 2024, as of June 30 2024, the overall credit limit amounted to EUR 20,000,000, available for utilization as overdraft credit up to EUR 4,000,000, revolving credit up to EUR 6,000,000 and bank guarantees, in leva, euro or US dollars at respective interest rates on effectively utilized funds of ADI + 2.35%, 1m. EURIBOR + 1.5% and 1m. LIBOR + 1.5%, with a general availability deadline until May 31 2025 and repayment deadlines until July 31 2025 for overdraft and May 31 2026 for revolving credit.

As of June 30, 2024, the Telelink Business Services Group AD also maintained the following commitments undertaken thereby with regard to corporate and bank guarantees issued in previous periods and extended and/or issued during the reported period:

Bank guarantees:

- a counter-guarantee for the amount of EUR 664,163.28 securing the good performance of TBS EAD (UIN 130545438) under a contract with NCI Agency – NATO with regard to a contract for the delivery of equipment and services valid until November 15 2025, issued on October 24 2023;
- a bank guarantee for the amount of RON 74,510.71, securing the good performance of TBS Romania (UIN J40/19800/2021) under a contract with BUCHAREST MUNICIPALITY valid until December 31 2024, issued on October 30 2023;

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

35. Commitments and contingencies (continued)

- a counter-guarantee for the amount of EUR 26,000 securing a performance guarantee issued by Raiffeisen banka a.d. Beograd with regard to a delivery contract between Comutel (UIN 07554133) and REPUBLIC FUND FOR PENSION AND DISABILITY INSURANCE – Serbia valid until February 28 2025, issued on November 16 2023;
- a bank guarantee for the amount of EUR 100,000 securing trade payables of TBS Romania (UIN J40/19800/2021) towards MB DISTRIBUTION SRL valid until February 15 2025, issued on February 19 2024;
- a counter-guarantee for the amount of EUR 300,000 securing the participation of TBS EAD (UIN 130545438) in a tender procedure by NCI Agency – NATO valid until April 30 2025, issued on April 08 2024;

Corporate guarantees:

- a corporate guarantee in favor of Citi Bank and Cisco Systems International B.V. (the Netherlands) securing the capacity of 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, issued on July 01 2020;
- a corporate guarantee 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., issued on February 15 2022;
- a corporate guarantee securing the obligations of Telelink Slovenia (UIN 6596240000) under Framework loan agreement № 5074/2022 with Unicredit Banka Slovenia d.d. for the amount of EUR 1,500,000, issued on March 16 2022;
- a corporate guarantee securing the obligations of Telelink Business Services Croatia (UIN 081341811) under Frame agreement for issuing bank guarantees № 0200126236 from June 27 2022 with Zagrebacka Banka d.d. and the annexes for the amount of EUR 900,000, issued on April 07 2023;
- a corporate guarantee in favor of MB Distribution S.R.L. (Romania), securing the capacity of Telelink Business Services Romania (UIN J40/19800/2021) to make high-value equipment purchases on deferred payment terms up to the amount of USD 20,488, issued on November 15 2023;
- a corporate guarantee in favor of INGRAM MICRO DISTRIBUTION S.R.L (Romania), securing the capacity of TBS Romania (UIN J40/19800/2021) to make high-value equipment purchases on deferred payment terms up to the amount of USD 152,000, issued on November 17 2023;
- a corporate guarantee in favor of Comtrade (Serbia) securing the capacity of Comutel (UIN 07554133) to make high-value equipment purchases on deferred payment terms up to the amount of USD 3,000,000 valid until December 31 2024, issued on November 20 2023;
- a corporate guarantee, securing the obligations of Telelink Business Services Croatia (UIN 081341811) under a Frame overdraft agreement from December 18 2023 with Zagrebacka Banka d.d. up to the amount of EUR 1,200,000, issued on April 26 2024.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

35. Commitments and contingencies (continued)

Besides the above commitments, throughout the reporting period, TBS EAD:

- Maintained its commitments as guarantor securing the obligations of TBSG AD from the Overdraft agreement between TBSG AD and Raiffeisenbank (Bulgaria) EAD (now United Bulgarian Bank AD) from February 15 2022 with a credit limit of EUR 2,000,000 subject to utilization as overdraft credit and/or contingent bank credit securing the issuance of guarantees, availability and repayment deadlines until February 27 2027 for the drawdown of overdraft, January 28 2027 for utilization against issued guarantees and February 28 2027 for the repayment of any utilized amounts, and applicable interest rates consisting of the reference interest rate of the lending bank (RIR) + 1.5%, 1m. EURIBOR + 1.5% and 1m. LIBOR + 1.5%, but no less than 1.5% in any utilization currency;
- Signed in the capacity of co-debtor the Investment bank loan agreement № 00044/730 between TBSG AD and UniCredit Bulbank AD from March 19 2024 referred to in section III.2.1 of this Report.

36. Financial risk management objectives and policies

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, and trade payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, loans granted, and cash and short-term deposits that derive directly from its operations.

In 2024 and 2023, the Group neither owned nor traded in derivative financial instruments.

The Group is exposed primarily to interest rate risk, liquidity risk, currency risk, and credit risk. The Group's policies for managing each of these risks are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's revolving credit lines for current financing of working capital and to a lesser extent, to finance lease contracts bearing floating (variable) interest rates.

The Group's policy is to manage its interest expenses by employing financial instruments bearing fixed and floating interest rates and assuming the risk relating to revolving credit lines due to the inherently variable nature of exposures thereto; moreover, the Group keeps track of changes in periodically updated floating and variable indices with a view to possibly fixing or hedging interest rates on financial leases.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

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30 JUNE 2024

36. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

	30.06.2024	*31.12.2023*
	BGN' 000	*BGN' 000*
Fixed rate instruments		
Financial assets	7,066	14,087
Cash and cash Equivalents	7,066	14,087
Interest-bearing loans and borrowings (principal)	(2 054)	-
Finance leases		
	5,012	**14,087**

	30.06.2024	*31.12.2023*
	BGN' 000	*BGN' 000*
Variable rate instruments		
Loans granted (principal)	-	-
Financial liabilities	(31,092)	(4,214)
Interest-bearing loans and borrowings (principal)	(31,082)	(4,194)
Finance leases	(10)	(20)
	(31,092)	**(4,214)**

A change of 100 basis points in interest rates at the date of the financial statements would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit or loss	
Effect in thousands of BGN	**1,00% increase**	**-1,00% decrease**
30 June 2024		
Variable rate instruments	(311)	125
Cash flow sensitivity (net)	**(311)**	**125**
31 December 2023		
Variable rate instruments	(42)	18
Cash flow sensitivity (net)	**(42)**	**18**

Due to the negotiation of minimal interest rates equal to either interest margin or total interest rate at the date of signature of the contract for certain instruments, the effects of an increase and decrease by the same change in interest rate are asymmetrical.

Currency risk

The Group trades in different markets and in local currencies that are different from its functional currency, as well as in third-party currencies, including mostly purchases in US dollars. Consequently, it faces transaction and translation exchange rate risks. The Group’s exposure to changes in exchange rates of local currencies is substantially limited owing to the fixed EUR/BGN and EUR / BAM exchange rate maintained

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30 JUNE 2024
36. Financial risk management objectives and policies (continued)

Currency risk (continued)

under the currency board systems operating in Bulgaria and Bosnia and Herzegovina, as well as by the adoption of the Euro as a National currency of Montenegro. Therefore, the total sales and profits generated in jurisdictions using or pegged to the Euro or BGN have the largest share in the consolidated results. The Group is exposed to translation currency risk in Serbia, Albania, North Macedonia, and Romania relative to the floating exchange rates of the local currencies.

A significant part of revenue and cost of sales, including locally sourced goods and services, employee benefits and other fixed costs, are denominated in the local currencies of the operational subsidiaries.

Third-party currency risk relative to other trading is limited by existing contractual arrangements for the exchange rate indexation of receivables in Serbia, Albania, North Macedonia, and Romania.

Outstanding risks from foreign currency trading are mitigated by Group companies by matching the timing and currencies of its trade receivables and payables, to the extent possible, as well as by occasional forward purchases of US Dollars for the payment of uncovered payables.

Credit risk

The Group trades generally with recognised, creditworthy third parties, such as, leading telecoms, public institutions and multinational companies, and long-lasting partners with proven credit history. The receivable balances and maturities are monitored on an ongoing basis. Therefore, the Group's credit risk exposure is very limited.
The credit risk that arises from other financial assets of the Group, such as cash and other financial assets, is related to the Group's credit exposure to default risks on the part of its counterparties.
The maximum credit exposure of the Group related to the recognised financial assets equals their carrying amount as stated in the balance sheet as of 30 June 2024 and as of 31 December 2023.

Liquidity risk

Liquidity risk is managed through the planning of cash flows and ensuring sufficient cash, as also by agreeing credit limits and financial support with renown local banks and strategically engaged partners.

The following table summarises the maturity profile of the Group's financial liabilities at the end of the period based on contractual discounted payments.

30 June 2024	On demand	< 3 months	3-12 months	1 - 5 years	> 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Interest-bearing loans and borrowings	-	16,817	10,417	5,902	-	33,136
Lease liabilities	5	524	1,705	5,180	-	7,414
Trade payables	-	26,783	5,291	253	-	32,327

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
36. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

31 December 2023	On demand	< 3 months	3-12 months	1 - 5 years	> 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Interest-bearing loans and borrowings	-	-	4,194	-	-	4,194
Lease liabilities	-	283	931	2,835	-	4,049
Revolving credit facilities						-
Trade payables	2,272	41,705	10,366	529	-	54,872

Capital management

The main objective of capital management of the Group is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	30.06.2024	*31.12.2023*
	BGN'000	*BGN'000*
Interest bearing loans and borrowings	33,136	4,194
Lease liabilities	7,414	4,049
Trade and other payables	37,090	64,471
Contract liabilities	23,850	34,394
Less cash and short term deposits	(7,584)	(14,091)
Net debt	93,906	93,017
Equity	29,610	27,549
Less other reserves	13,204	13,204
Adjusted Equity	42,814	40,753
Capital and net debt	**136,720**	**133,770**
Gearing ratio	69%	70%

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

37. Share-based payments

In 2020 the Group 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 at least 365 days length of service at 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 2023 under the Programme 20,343 were transferred to employees of the subsidiary in the Group.

In 2020 the Group 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. In 2023 under the Scheme 7,109 were transferred to members of the Management Bord. As at 31 December 2023 1,516 shares remain to be transferred. In February 2024 the shared are transferred.

According to the Programme and the Scheme shares will be transferred to employees in the year following the three-year period 2020-2022. 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 31 December 2020 adjusted with the present value of future dividend. The expense accrued according to the Programme and the Scheme for the period 2020 – 2022 are respectively BGN 282 thousand for the Programme and BGN 116 thousand for the Scheme. The share's vesting price is estimated as the closing price of Bulgarian Stock Exchange on the date of transfer and the amount calculated is BGN 310 thousand.

In 2021 the Group 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 accrued according to the Programme and the Scheme related to the new three-year period 2021-23 in 2023 is BGN 114 thousand (2022: BGN 101 thousand).

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

38. Changes in investments in subsidiaries and discontinued operations

New investments in subsidiaries

On 13.02.2024 Telelink Business Services Group AD has entered into an Agreement for the acquisition of 100% of the shares of the limited liability company SEDAM IT, d.o.o. ("7IT", Sedam IT DOO), registered under the legislation of the Republic of Croatia, with its registered office and registered address in the town of SEDAM, d.o.o. Zagreb, Croatia, ul. No. 2 "Koledovčina" and identification number (OIB) 95661305069 - provider of IT, communication and software solutions and services with a long-standing presence on the Croatian IT market. The counterparty (seller) to the purchase and sale of the company shares is an unrelated/ disinterested third party. As of the date of the Agreement, the acquisition is conditional upon the implementation of agreed conditions precedent to be fulfilled within a timeframe to be determined by the parties and still to be fulfilled.

On 29.03.2024. Telelink Business Services Group AD acquires 100% of the shares in the capital of 7IT by making an upfront initial payment into a special (escrow) account in the amount of EUR 5,098,186, calculated on the basis of 7IT's interim accounts as of 29.02.2024, and provides guarantees to secure subsequent payments of the price. The payment made was financed by a combination of own funds and long-term debt under the Investment Bank Loan Agreement with Unicredit Bulbank AD dated 19.03.2024 in the amount of EUR 3,568,730.

As a consequence of the preparation of the financial statements of 7IT as at the date of acquisition of 100% of the shares in its capital by Teelink Business Services Group AD (29.03.2024), on 29.04.2024, the following have been established:

- a final amount of the initial payment due to the seller under the transaction of EUR 5,494,743, in accordance with which Teelink Business Services Group AD shall remit, in addition to the payment of EUR 5,098,186 calculated on the basis of 7IT's interim accounts as of 29.02.2024, a balancing amount of EUR 396,557;
- a total value of the Company's equity at the acquisition date of EUR 8,848,194, taking into account, in addition to the initial payment mentioned above, that pursuant to the Share Purchase Agreement:

o EUR 698,994 of this amount has been assumed in the form of long-term liabilities of Telelink Business Services Group AD to 7IT;

o EUR 2,654,458 of this amount is subject to contingent deferred payments, the final amount of which will be established in 2025 and 2026 depending on 7IT's financial results for 2024 and 2025, and represent the maximum total amount of such payments.

As a consequence of the acquisition, 7IT has been included in the consolidated balance sheet of Teelink Business Services Group AD with effect from 29 March 2024, The Group applies IFRS 3 Business Combinations, under which the acquirer in a business combination recognises goodwill as the excess of the sum of the agreed consideration, the amount of any non-controlling interest in the acquiree and, in a business combination, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net amount of identifiable assets acquired and liabilities assumed.

The values of the identifiable assets and liabilities of Sedam IT DPO at the acquisition date are as follows:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

38. Changes in investments in subsidiaries and discontinued operations (continued)

New investments in subsidiaries (continued)

	Provisional amounts recognised on acquisition
	BGN'000
Assets	
Property, plant and equipment	426
Intangible assets	170
Non-current receivables	550
Inventories	37
Prepayments	516
Cash and cash equivalents	203
Trade and other receivables	6,252
Contract assets	258
Government grants	276
Income taxes receivables	413
	9,101
Liabilities	
Trade and other payables	(3,734)
Interest bearing loans and borrowing	(3,970)
Contract liabilities	(14)
	(7,718)
Total identifiable net assets	**1,383**
Non-controlling interest (0%)	-
Goodwill arising on acquisition	15,922
Purchase consideration	17,305

Purchase consideration	*BGN'000*
Shares acquired	10,747
Deductible receivables	1,366
Contingent consideration liability	5,192
Total consideration	**17,305**

Cash outflow on acquisition	*BGN'000*
Net cash acquired with the subsidiary	203
Cash paid	(10,747)
Net cash flow on acquisition	**(10,544)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

38. Changes in investments in subsidiaries and discontinued operations (continued)

Discontinued operations

Voluntary liquidation of Telelink Business Services Montenegro

In March 2024. Telelink Business Services Group AD adopts a decision on voluntary liquidation of TBS Montenegro and submits the applicable documents for its registration in the Central Register of Business Entities of the Republic of Montenegro. The actual entry of the deletion in the register was disclosed by the Company on 24.04.2024.

As of 30.06.2024. The Company has fully written off its investment in Telelink Business Services Montenegro in the amount of BGN 123 thousand. The proceeds from liquidation paid to Telelink Business Services Group AD as a positive difference after collection and repayment of all receivables and liabilities of TBS Montenegro amount to BGN 95 thousand.

Results from the discontinued operations are presented below:

	01.01.2024 - 24.04.2024 *BGN'000*
Revenue	29
Cost of sales	(27)
Gross profit	**2**
General and Administrative expenses	(20)
Other expenses	(8)
Operating (loss)	**(26)**
Finance costs	(2)
(Loss) before tax	**(28)**
Income tax	-
(Loss) for the respective period from discontinued operations	**(28)**

The net assets of discontinued operations are presented below:

	24-Apr-2024 *BGN'000*
ASSETS	
Cash and short-term deposits	95
Assets classified as held for sales	**95**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024

38. Changes in investments in subsidiaries and discontinued operations (continued)

The net change in cash and cash equivalents of discontinued operations are presented below:

	BGN'000
Operating	(105)
Investing	-
Financing	(95)
Net cash inflow	**(200)**

39. Events after the reporting period

Pursuant to an SB resolution from April 30 2024 authorizing the Executive Director of TBSG AD for the sale of 100% of the company shares of Telelink Albania and the Share Purchase Agreement for the sale thereof referred to in I.4, on July 12 2024, the National Business Register of the republic of Albania entered the transfer of all shares in the capital of Telelink Albania to Erton Graceni. While holding the position of administrator of the company, the purchaser did not represent a related / interest party vis-à-vis the shareholders / members of the MB and SB of TBSG.

By resolution of the MB from July 15 2024, TBSG AD approved in its capacity of single shareholder the annual financial statements of TBS EAD for 2023, released all members of the company's Board of Directors from liability for their activities in 2023 and resolved for the full amount of the company's profit for 2023 (BGN 12,427,861.06) to be carried forward as retained earnings.

With regard to the implementation of a Long-term plan for the motivation of employees with Company shares from 2021 and the adoption of the Annual consolidated financial statements of the Company for 2023 by GMS resolution from June 19 2024, on July 16 2024, the MB made an assessment of the achievement of the Group performance indicators applying to the three-year tracking period ended on December 31 2023 and determined the number of shares in the Company's capital to be transferred to each employee with maintained participation rights. The total number of shares to be transferred in accordance with the above and after the deduction of tax and social security contributions is 15,899 shares.

On July 23 2024, the SB adopted a resolution to convene an extraordinary GMS on September 18 2024 with the following substantive agenda:

- Electing a registered auditor for the performance of the independent financial audit for 2024;
- Increasing the remuneration of and determination of the governance guarantee amounts for certain members of the SB.

The invitation to the meeting and all relevant materials have been published on http://www.x3news.com/ and on the Company's web page at: https://www.tbs.tech/general-meetings-of-shareholders/.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2024
39. Events after the reporting period (continued)

Pursuant to the GMS resolution from June 19 2024, referred to in section I.3, between the end of the reporting period and the date of this Report, the Company bought back a total of 13,000 own shares. Together with the 562 shares held as of June 30 2024, the total number of own shares held by the Company as of the date of this Report reached 13,562 shares or 0.108% of the registered share capital.

On July 09 2024, an annex was signed to Loan Agreement № 5302097953 from July 01 2022 between 7IT and Erste & Steiermarkische Bank dd, Rijeka with a limit of EUR 1,300,000, establishing an amended interest rate of 5.25% and a repayment deadline extension until July 01 2025.

On August 23 2024, an Agreement for the reverse factoring of obligations towards suppliers № 6500378003 was signed between 7IT and Raiffeisenbank Austria dd, Zagreb with a revolving credit limit of EUR 1,100,000, annual interest rate of 6m. EURIBOR + 1.80%, financing term up to 180 days from the date of payment to the supplier, availability period until July 31 2025 and repayment deadline for all obligations arising from the agreement until January 27 2026. Obligations from the agreement are secured up to the full amount of the credit limit and all collateral receivables of the bank with promissory note issued by 7IT.