

# SUMMARY

## SECTION A – INTRODUCTION, CONTAINING WARNINGS

The Summary and its relevant Supplements should be read as an introduction to the Prospectus for the admission to trading on the regulated market of the share issue with ISIN code BG1100017190 of the Issuer [Telelink Business Services Group AD](#), LEI code 894500RSIIEY6BQP9U56 and address *Bulgaria, Sofia, Malinova Dolina District., 6 Panorama Sofia Str., Richhill Business Center, Block B, floor 2*, website [www.telelink.business](http://www.telelink.business).

The Prospectus was approved by the **Financial Supervision Commission** ([www.fsc.bg](http://www.fsc.bg)) with resolution № 1249-PC/28.11.2019, and the Supplements – with resolution № 1331-PC/23.12.2019 and resolution № 238-PC/26.03.2020.

Any decision to invest in the Offered Shares should be based on a consideration of the Prospectus and the related Supplements by the investor. Investors should bear in mind that the price of the securities offered may fall and they may lose all or part the invested capital.

Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Where a claim relating to the information contained in a Prospectus is brought before a court, the plaintiff investor might, under national law, must bear the costs of translating the prospectus before the legal proceedings are initiated.

## SECTION B – KEY INFORMATION ON THE ISSUER

### WHO IS THE ISSUER OF THE SECURITIES?

The Issuer of the Securities offered is [Telelink Business Services Group AD](#) (*TBS Group*) - a joint-stock company established under Bulgarian law, with registered office and address: *Sofia, Malinova Dolina District, 6 Panorama Sofia Str., Richhill Business Center, bl. B, fl. 2* and LEI code *894500RSIIEY6BQP9U56*.

The core business of *TBS Group* is corporate governance and investment management (equity participation) in its subsidiaries specialized in information and communication technologies). *TBS Group* has 7 Subsidiaries, registered in Bulgaria, Serbia, Montenegro, Bosnia and Herzegovina, Slovenia, Albania and Macedonia, operating mainly in the countries where they are incorporated.

The products and services offered by the Group are grouped into 4 main categories - *Data Networks, Data Centers, Office Productivity* and *Information Security*. They cover 8 technology groups and various types of technologies and services as shown in table below:

Product Categories	Technology groups	Types of technology
<b>Data Networks</b>	Service Provider Specific	Mobile Networks, Access Networks, Optical Networks, Cable Networks, Network functions virtualization (NFV), Audio & Video Headend, End User Equipment (CPE), etc.
	Enterprise Connectivity	Enterprise networks, network security, firewalls, data center connectivity, network virtualization, collaboration systems, contact centers, and more
	Passive Infrastructure	Field activities, power supplies, technology cabinets, cabling and more.
<b>Data Centers</b>	Private Cloud	Computing equipment, disk systems, backup and business continuity solutions, virtualization, orchestration, application monitoring and performance, Public Cloud Infrastructure (IaaS) and more.
	Lean infrastructure	Container infrastructure, Development Automation Optimized Infrastructure (DevOps), Cloud Platform Based Infrastructure (PaaS)
	Software Services	Software development, API integration, API gateways (API Proxy), data processing and presentation.
<b>Office Productivity</b>	Modern Workplace	Microsoft (Windows, Office 365, Enterprise Mobility and more), Multifactor Identification, management of end devices, computers, peripherals and more
<b>Information Security</b>	Information Security	Data encryption systems, information leakage prevention, risk analysis, database protection, security analysis and monitoring as a service (Advanced Security Operations Center) and more

Leading by size and relative share in the Group's revenues for the 2016-2018 period and the first half of 2019 is the *Networking* category, with an average share of 72% in combined revenue. Second in importance with an average share of 18% is the *Data Center* category. Recently introduced *Office Productivity* and *Information Security* divisions occupy on average of 7% and 3% of combined revenues, respectively for the same period.

**Telelink Business Services Group AD** is managed by a Managing Board (MB), which consist of five members:

- Ivan Zhitiyanov – Chairman of the MB and Chief Executive Officer;
- Teodor Dobrev – Member of the MB;
- Paun Ivanov – Member of the MB;
- Nikoleta Stanailova – Member of the MB;
- Gojko Martinovic – Member of the MB.

The business address of the members is: *Sofia, Malinova Dolina District., 6 Panorama Sofia Str., Richhill Business Center, Block B, floor 2.*

The founder of the Company Lyubomir Minchev directly owns 10 456 250 shares with a par value of BGN 1 each, representing 83.65% of the total capital of the Company and has direct control over it. The Issuer is not aware of any person exercising indirect control.

This Prospectus contains combined financial information for Company, which has been prepared considering its complex financial history and the necessity of presenting pro forma financial information in compliance with Regulation (EU) 2019/980, in addition to a report from independent auditors, „Ernst and Young Audit“ Ltd., which states that the information is presented correctly as per the in indicated in the notes base, and that the information is presented in compliance with the accounting policies of the Issuer. „Ernst and Young Audit“ Ltd. business address is *1124 Sofia, 47A Tsarigradsko Shose Blvd., Polygraphia Office Center, Floor 4*, and has been registered in the registry for audit firms as number 108.

**WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?**

<b>Income Statement ('000 BGN)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
Total revenue	116 367	105 987	98 663	46 832	57 757
Operating profit/loss	9 228	5 669	6 227	3 665	5 504
Net profit/loss	7 664	4 676	5 247	2 839	4 487
Annual revenue growth	9.79%	7.42%	-	-18.92%	-
Operation margin	7.93%	5.35%	6.31%	7.83%	9.53%
Net income margin	6.59%	4.41%	5.32%	6.06%	7.77%
Earnings per share			not applicable		
<b>Balance Sheet ('000 BGN)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
Total assets	55 458	48 491	39 002	59 238	41 932
Total equity	8 469	5 663	3 232	5 473	8 949
Net financial debt	3 427	-4 520	2 828	8 210	5 229
<b>Cash Flow Statement ('000 BGN)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
Net cash flow from operating activities	4 920	11 523	3 372	-4 978	-9 017
Net cash flow from investing activities	-6 870	-147	-2 033	5 443	-371
Net cash flow from financing activities	-2 152	-5 180	-3 549	-1 331	3 331

*(As per the Supplement to this Document dated 16.03.2020)*

<b>Income Statement ('000 BGN)</b>	<b>2019</b>
Total revenue	110 328
Operating profit/loss	9 802
Net profit/loss	8 152
Annual revenue growth	-5.19%
Operation margin	8.88%
Net income margin	7.39%
Earnings per share	0.65
<b>Balance Sheet ('000 BGN)</b>	<b>31.12.2019</b>
Total assets	54 115
Total equity	7 784
Net financial debt	4 162
<b>Cash Flow Statement ('000 BGN)</b>	<b>2019</b>
Net cash flow from operating activities	3 096
Net cash flow from investing activities	4 657
Net cash flow from financing activities	-8 818

**WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?**

*INAPPROPRIATE BUSINESS STRATEGY.* Choosing an inappropriate business strategy, as well as an implementation of a strategy at an inappropriate time can lead to losses and missed benefits for the Group.

*LOSS OF, LACK OF AND INCREASED COSTS FOR PERSONNEL.* The expansion of the Group on both existing and new markets is highly dependent on attracting and successfully integrating both management and executive level employees. Accounting for the dynamic development and the increase in demand for human resources on the ICT market, the Group is exposed to the risk of an increase in the turnover of and an increase in expenses to retain or substitute technical engineering, marketing and sales specialists and other specialized personnel.

*DELAYED OR UNFAVORABLE DEVELOPMENT OF DEMAND.* There is no guarantee that the future development of the market will confirm these predictions and will continue to be positive or that the respective demand increase will not slow down significantly compared to expectations for certain periods of time. There is the possibility of the Group's target customer groups to not show the predicted amount of interest in the Group's products and services or for there to be a delay in interest in one or more markets. The above-mentioned factors could lead to a decrease in the growth of sales and to an adverse effect in the results of the Group due to lower prices and gross profits and higher costs.

*UNFAVORABLE CHANGES IN LEGISLATURE.* Demand for the products and services of the Group, thus, its profits and operating results, could be significantly influenced by potential unfavorable changes in local and national legislature, including potential termination or redirection to other areas or other structured funds, to be absorbed by its current and target customers.

*FIERCE AND/OR UNFAIR COMPETITION.* The potential increase in competitive pressure from existing or new-entry market players, as well as the potential adverse reaction to the entering of the Group on new segments and markets, could lead to a decrease in the results of the Group and a delay or failure to achieve the planned growth of the Group. As a part of the competitive pressure imposed by other players on the market, the Group could be exposed to different types of unfair competition, which could lead to a decrease in the results of the Group and limit the Group's opportunities for growth..

*RISKS RELATED TO PUBLIC PROCUREMENT.* The realization of public procurement projects depends on defining, approving, budgeting, financing, announcing and conducting them, signing contracts and accepting the performed actions from the respective state-owned enterprises or local and central authorities on a timely basis. Failed or delayed execution of any of these steps could lead to a decrease in or delay in profits and a respective decrease in the results of the Group or a delay in the growth of the Group. Public ICT procurements are relatively more exposed to risks of intense and unfair competition.

*ADVERSE DEVELOPMENT IN THE RELATIONSHIP WITH KEY CLIENTS AND/OR PARTNERS.* The potential loss of, a drastic decrease in or a deterioration in the cooperation with such clients would have an adverse effect on the volume and the results from activities in the short-term, as well as a potential reputational effect on the Group in the long-term. On the other hand, a potential loss of, a drastic decrease in, a deterioration in the cooperation with key partners, or a worsening of key conditions, such as maintenance of technological specializations, levels of discounts, terms of payment, etc., could have an adverse effect on the expenses and volume of the Group's operations.

*RISKS RELATED TO TECHNOLOGICAL CHANGE.* The ICT sector is characterized by its fast-paced changes in technology, which shortens the lifespan of the products and requires their constant actualization. It is possible that clients prefer to change their current technologies and vendors with others, which the Group does not and cannot have a partnership with which to provide the respective competence or will cost additional time and /or expenses. On certain markets customers may not adopt or adopt more slowly the new products and/or technologies offered by the Group. Finally, the Group may not be able to impose its own new products and/or services or delay this imposition significantly.

*RISKS RELATED TO LONG-TERM CONTRACTS.* Many contracts, signed by the Group, contain the commitment to a warranty and post-warranty servicing and maintenance in exchange for a fixed lump sum or subscription fee. It is possible for the expenses needed for the execution of the commitments to be more than the revenue being received, without the Group being able to compensate the additional costs. On the other hand, in certain cases contracts can be terminated unilaterally or early upon customer initiative with the existing penalties and other commitments proving to be insufficient to cover the Group's missed opportunities or the already made expenses.

*LIQUIDITY RISK.* The Group's cash flows can undergo significant momentary fluctuations which may result in the Company's cash & cash equivalents being insufficient to meet its required obligations. In addition to their impact on the current liquidity of the Company, possible instances of working capital shortages may also lead to the impossibility of investing the required working capital to start new or implement ongoing projects leading to delayed revenues, penalties for delayed execution and, ultimately, damage to the Group's reputation.

*OPERATIONAL RISKS.* The Group's companies are exposed to the risk of loss or unforeseen costs related to improper or inoperative internal processes, human errors, external circumstances, administrative or recordkeeping errors, operating violations, fraud, unauthorized transactions and damage to assets.

## SECTION C – KEY INFORMATION ON THE SECURITIES

## WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

The Offered Shares are ordinary, registered, dematerialized and freely transferable shares, with one voting right at the General Meeting of Shareholders (GMS), with a right to receive dividends and liquidation stake pro rata to the par value. The ISIN code of the Offered Shares is BG1100017190. The Offered Shares are denominated in BGN.

Each Offered Share gives the holder the following rights:

- **Dividend Right:** Each share gives the right to receive a portion of the Company's net profit in proportion with its nominal value. This right stand up only in the event that the GMS adopts annual or six-monthly financial statements of the Company and accept an explicit resolution on profit distribution as a dividend
- **Voting rights:** Each share gives the right to participate in the GMS of the Company and one vote in this Meeting. The right to vote shall be exercised by the persons entered in the registers of the Central Securities Depository (CSD) as such with voting rights 14 days before the date of the GMS. Shareholders have the right to authorize another person to participate and vote in the GMS as a proxy;
- **Right to a liquidation share:** Each share entitles a liquidation share proportional to its nominal value after the liquidation of the Company and if there are assets left to be distributed among the shareholders;
- **The right to information,** including the right to get acquainted with the materials on the agenda of the GMS and to obtain them on request;
- **Right to participate in the management,** through the issues from the GMS competence;
- **Pre-emptive rights.** In the event of an increase in capital of a public company, each shareholder shall have a pre-emptive right to subscribe new shares pro rata to its existing holdings.
- **Minority rights:** Persons holding jointly or individually at least five percent of the capital of a public company may, in the event of inaction of its governing bodies, which jeopardize the interests of the Company, may sue the Company against third parties. The Company is also called as a party to the case. Shareholders who hold shares representing at least 5% of the Company's capital for more than three months may request the Board of Directors to convene the GMS.

The Bulgarian legislation concerning these shareholder rights are binding and the Article of Association (AoA) may therefore confer additional rights, but it cannot exclude or limit the rights provided by law.

In the event of insolvency, the claims of the shareholders with respect to the assets of the Company come after the satisfaction of the claims of all creditors.

The Offered Shares are freely transferable between shareholders and third parties, according to the regulations of the Bulgarian legislation. The transfer of shares takes effect upon the registration of that transfer in the CSD. The Bulgarian legislation provides for restrictions on the free transferability of the shares blocked in the CSD, as well as in the event of a pledge or a garnishment on shares.

According to Art. 41, para. 3 of the Preconditioned AoA, adopted by the GMS on 30.09.2019, which enter into force after *TBS Group AD* acquires the status of a public company, the Issuer intends to distribute at least 50% of its distributable annual/semiannual profit. The GMS decides on the distribution of dividends after approval of the annual financial statements, respectively the semiannual financial statements and in accordance with the provisions of the Commercial Act and the POSA.

## WHERE WILL THE SECURITIES BE TRADED?

Immediately after the approval of the Prospectus by the FSC, the Company will file an application with the BSE for the acceptance of all Offered Shares for trading on the BSE. Trading will commence at the date set by the Board of Directors of BSE.

The Company does not intend to apply for the admission to trading of its shares on other regulated markets, third-country markets, growth markets for SMEs or MTFs other than BSE

Simultaneously with this Prospectus, there are no other regulated or equivalent markets to which securities of the same class have already been admitted to trading.

## IS THERE A GUARANTEE ATTACHED TO THE SECURITIES?

No

## WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

**NO MARKET FOR THE OFFERED SHARES.** As of this date there has been no confirmed interest in acquiring the Offered shares by investors and the Offered Shares have yet to be admitted to trade on the BSE. The Company cannot guarantee that the

shares will be traded and that the volume of trade with these shares will be constant or improve over time. It is possible that, during some periods, the sale of shares will be strained or impossible due to lack of interest from investors.

*THE MARKET PRICE OF THE SHARES MAY DROP.* The Company does not guarantee to investors that the price of the Shares will be held stable and/or that it will rise in the future. Shareholders should bear in mind that events may occur which will cause sharp fluctuations in the stock market prices as they had been occurred in the past on the Bulgarian capital market and on international financial markets and such fluctuations may negatively affect the price of the Offered Shares.

## **SECTION D - KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET**

### *UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?*

*(AS PER THE SUPPLEMENT TO THIS DOCUMENT DATED 18.12.2019)*

This offering is not intended to raise additional capital and is not, by its nature, an initial public offering. The Prospectus for the admission to trading on a regulated market of the shares of *TBS Group AD* is intended for the admission of the Company's shares to trading on the BSE and they represent all registered share capital of the Company.

Each of the Current Shareholders (referred also as "Selling Shareholders"), namely:

- Lyubomir Minchev,
- Ivo Evgeniev,
- Spas Shopov,
- Ivan Zhitiyanov,
- Paun Ivanov,
- Yordan Popov and
- Yordan Velchev,

will be able to sell their shares on the BSE.

On 17.12.2019 all Current Shareholders have signed a Lockup Agreement stipulating the conditions and the part of their shares authorized for offering by the end of 2020. According to the Lockup Agreement, the Current shareholders intend to sell on the BSE up to 30% (3 750 000 shares) of the Company's existing shares by the end of 2020. Lyubomir Minchev may sell on the BSE up to 23.825% (2 978 126 shares) and Spas Shopov and Ivo Evgeniev may sell on the BSE up to 3.0875% (385 937 shares) each. The other four Current Shareholders commit not to sell any shares until the end of 2020.

Additionally, according to Lockup Agreement, Lyubomir Minchev intends to offer on the BSE additionally up to 6.175% (771 874 shares) if Spas Shopov and Ivo Evgeniev do not exercise or partially exercise their option, mentioned in the paragraph above.

Within the abovementioned number of shares, Lyubomir Minchev, Spas Shopov and Ivo Evgeniev may sell shares as follows:

- As part of the Offering to investors;
- Within a share buy-back procedure organized by the Company pursuant to Art. 111, para. 5 of the POSA;
- In execution of repurchase (repo) agreements of Offered Shares.

Each of the Selling Shareholders agrees not to pledge, sell and / or otherwise, transfer or dispose the shares held by him, except in the conditions specified above. Additionally, the Majority Shareholder Lyubomir Minchev commits to hold at least 6 375 000 shares representing 51% of the Company's share capital until the end of 2021.

The restrictions preserved above shall not apply in cases of a donation by a Shareholder in favor of a spouse, descending, ascending, brothers or sisters, if the acquirer agrees to comply within the Lockup Agreement under the same conditions. The restrictions not apply also in cases in change in control of the Company as a result of the transformation, issue of new shares, transfer, sale or disposition resulting in the acquisition by a third party of more than 51% of the voting rights in the GMS as well as in the cases of disposition of all or a substantial part of Company's assets, termination or liquidation of the Company according to applicable law.

The shares of *TBS Group AD* will be offered on the BSE at an initial price of BGN 7.60 per share. This price is determined by the Majority Shareholder of the Company Lyubomir Minchev in his role as the major Selling Shareholder on the basis of the stated preliminary interest of potential investors, as well as the relative value of companies that in his opinion may be considered as a comparable to "*Telelink Business Services Group*" AD.

Lyubomir Minchev as a major Selling Shareholder has undertaken not to sell shares at a price lower than the one indicated in the above paragraph until the end of 2021.

The other Selling Shareholder also have undertaken not to sell shares at a price lower than the one indicated in the above paragraph until the end of 2020.

After the Company's shares are admitted to trading on the BSE, each shareholder (except the Selling Holders to whom the above applies) may offer its shares for sale, and any potential investor may submit buy orders through any licensed investment intermediary. Each seller and buyer is free to determine the parameters (price and number of shares) of his/her order in compliance with the legislation procedure.

In the case of a Prospectus for the admission to trading on a regulated market of already issued shares, dilution is not applicable.

The expenses related to the Offering of TBS Group AD amount to a total of BGN 31 580 and are fully at the expense of the Company. There are no costs for the investor to be charged by the Issuer or the Manager. At the expense of investors are all transaction costs for buying or selling Offered Shares on the regulated market, incl. investment intermediary commissions and any other transaction fees, if they are not included in the intermediary's commission (for example any BSE and CSD fees).

#### *WHY IS THIS PROSPECTUS BEING PRODUCED?*

The Prospectus for admission to trading on a regulated market for the shares of *TBS Group AD* aims all issued Company's shares to be listed and afterwards traded on the Bulgarian Stock Exchange.

This Offering does not resolve to attract additional capital and is not a typical initial public offering. *TBS Group AD* does not expect to receive revenues from the admission of its shares to trade on a regulated market.

The Current Shareholders and the Managing Board wish the Company to become public in order to increase its popularity among the investment community, to provide access to a wide range of investors to the Company's shares and to expand its possibilities for financing its future activities. The public status of the Company will also allow the Company's shares to have a stock exchange market value.

Some of the Current Shareholders (Selling Shareholders) intend to sell all or a part of their shares in *TBS Group AD*. Those persons, some of whom take part in the management or supervisory bodies of the company, are directly interested in the Offering.

As of the date of this Document, the Majority Shareholder Lyubomir Minchev has signed an Agreement for consulting services with the Manager. According to this Agreement, the Manager has the right to receive a remuneration, proportional to the value of the shares sold, owed by the Majority Shareholder and other Selling Shareholders.

TELELINK BUSINESS SERVICES GROUP AD - SUMMARY

TELELINK BUSINESS SERVICES GROUP AD, AS THE ISSUER OF THE OFFERED SHARES, AND THE INVESTMENT INTERMEDIARY ELANA TRADING AD ("THE MANAGER"), AS THE MANAGER OF THE OFFERING, ASSUME THE RESPONSIBILITY FOR THE COMPLETENESS AND ACCURACY OF THE INFORMATION CONTAINED IN THE SUMMARY.

THE REPRESENTATIVES OF TELELINK BUSINESS SERVICES GROUP AD AND ELANA TRADING AD DECLARE WITH THEIR SIGNATURES BELOW THAT, TO THE BEST OF THEIR KNOWLEDGE, THIS SUMMARY CONTAINS ALL THE INFORMATION ABOUT THE ISSUER THAT IS MATERIAL IN THE CONTEXT OF THE OFFERING AND NOTHING HAS BEEN OMITTED THAT MAY AFFECT ITS ACCURACY OR COMPLETENESS.

IN ADDITION, ACCORDING TO ARTICLE 81, PARAGRAPH 2 OF THE POSA, THE REPRESENTATIVES TELELINK BUSINESS SERVICES GROUP AD AND ELANA TRADING AD DECLARE WITH THEIR SIGNATURES BELOW THAT THE SUMMARY COMPLIES WITH THE REQUIREMENTS OF THE LAW.

FOR TELELINK BUSINESS SERVICES GROUP AD:

\_\_\_\_\_  
IVAN ZHITIYANOV

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
THEODOR DOBREV

MEMBER OF THE BOARD OF DIRECTORS

\_\_\_\_\_  
PAUN IVANOV

MEMBER OF THE BOARD OF DIRECTORS

\_\_\_\_\_  
NIKOLETA STANAİLOVA

MEMBER OF THE BOARD OF DIRECTORS

\_\_\_\_\_  
GOJKO MARTINOVIC

MEMBER OF THE BOARD OF DIRECTORS

FOR ELANA TRADING AD:

\_\_\_\_\_  
RADOSLAVA MASLARSKA

CHAIRWOMAN OF THE BOARD OF DIRECTORS

\_\_\_\_\_  
KRAMEN KOICHEV

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS