



31st March 2024

Statement

Pursuant to ANNEX No 4 to ORDINANCE No 2 as of 9th November 2021 on the initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market (Ordinance No 2)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER OF 2024**

Telelink Business Services Group AD

The Managing Board of TELELINK BUSINESS SERVICES GROUP AD, city of Sofia, hereby notifies all the existing and potential investors and that this statement has been prepared with regard to the requirements Art. 14 of Ordinance № 2 of the Financial Supervision Commission (FSC) and represents Annex №4 to the abovementioned Ordinance. It contains information about the Company's business for the reporting period from 1st January 2024 to 31st March 2024.

The persons who are liable for damages caused by false, misleading, or incomplete information, provided in this statement, are as follows:

- Ivan Krasimirov Zhitiyanov – Chairperson and Executive Member of the Managing Board
- Teodor Dimitrov Dobrev – member of the Management Board
- Jordanka Lyubchova Klenovska – member of the Managing Board
- Orlin Emilov Rusev - member of the Managing Board
- Desislava Dancheva Torozova - member of the Managing Board

1.1. Change of the persons who exercise control over the Company

There has been no changes of the persons, exercising control over TELELINK BUSINESS SERVICES GROUP AD for the period from 1st January 2024 to 31th March 2024.

1.2. Initiation of insolvency proceedings for the Company or its subsidiary and all substantial phases related to the proceedings until the declared bankruptcy

No insolvency proceedings of TELELINK BUSINESS SERVICES GROUP AD and its subsidiaries have been initiated during the reporting period.

1.3. Entering into or completion of material transactions

The following agreements have been concluded during the reporting period from 1st January 2024 to 31st March 2024:

On January 18 2024, an annex was signed to the Frame loan agreement № 5074/2022 between UniCredit Banka Slovenija d.d. Telelink Slovenia with a limit of EUR 1,500,000, whereby the tenor was extended until April 19 2024 and the annual interest rate was changed to 1.6% + 3 m. EURIBOR. The corporate guarantee provided by TBSG AD to secure Telelink Slovenia's obligations under the agreement remained in force.

On January 25 2024, a Cash loan agreement was signed between TBSG (lender) and Comutel (borrower) with a limit of EUR 500,000, subject to revolving utilization and repayment, with a tenor of December 31 2024 and an annual interest rate of 5.00%.

On February 13 2024 r. an annex was signed to Frame agreement for issuing bank guarantees № 0200126236 between Zagrebačka banka d.d. and TBS Croatia with a limit of EUR 900,000, whereby the agreement's term was extended until February 28 2025. A corporate bank

guarantee by TBSG AD for the amount of HRK 1,500,000 (EUR 200 thousand) securing TBS Croatia's obligations under the agreement remained in force.

On February 13 2024, TBSG AD signed a Share Purchase Agreement for the acquisition of 100% of the company shares of limited liability company SEDAM IT d.o.o., registered under the law of Republic of Croatia with the registered seat in Zagreb, Koledovčina 2, OIB: 95661305069 – a provider of IT, communication and software solutions and services with a long-standing presence on the Croatian IT market. The counterparty (seller) in the purchase and sale of the company shares is an unrelated/non-interested third party. As of the date of signing the Agreement, the acquisition of the company's shares was subject to the realization of pre-agreed conditions precedent, which had to be fulfilled within a mutually agreed period of time. The agreed enterprise value of the company is EUR 9,000,000. The final price for the acquisition of the shares of the company is to be paid to the seller in stages including an initial and subsequent payments, all of which, as of the date of signing the Agreement, were yet to be determined on the basis of the agreed enterprise value and depending on the financial indebtedness, cash, revenues for the last 12 months and net working capital of the company at the date of transfer of the company shares, as well as on its audited financial results for 2024 and 2025.

On February 28 2024, an annex was signed to the overdraft agreement between the Company and Raiffeisenbank (Bulgaria) EAD (now UBB AD), whereby terms were extended as follows:

- Overdraft credit with a repayment deadline until February 28 2028;
- Contingent bank credit securing the issuance of guarantees available for utilization until January 28 2028.

On March 19 2024, Investment bank loan agreement № 00044/730/19.03.2024 was signed between TBSG AD as borrower, TBS EAD as co-debtor and UniCredit Bulbank AD with the purpose of financing the acquisition of 100% of the company shares in the capital of SEDAM IT d.o.o., Croatia, with a total limit of EUR 7,000,000 but not more than 70% of the consideration paid, subject to utilization in three tranches in accordance with the conditions of determination and payment of the consideration established in the Share Purchase Agreement, and repayment of each tranche in equal monthly or quarterly instalments, a regular interest rate of 3m. EURIBOR + 2.2% and a global repayment deadline of July 31 2030. Securities stipulated in the agreement include:

- Pledge over 50% of all receivables of the Company for dividends distributed by its subsidiaries, on the condition that the Company will be authorized to dispose without limitations with such receivables and the cash proceeds therefrom unless if and while there is a substantial breach or default declared by the Bank under the agreement;
- Pledge over all current and future receivables of the Company from Sedam IT d.o.o.;
- Pledge over 100% of the company shares in the capital of Sdeam IT d.o.o. and respective dividend receivables;
- Pledge under the Law on financial collateral agreement (LFCA) over all receivables from accounts opened with the lending bank by the Company and TBS EAD.

On March 29 2024, TBSG AD acquired 100% of the shares in the capital of SEDAM IT, d.o.o., Croatia against a provisional upfront payment to a special (escrow) accounts in the amount of EUR 5,098,186, established on the basis of interim financial statements SEDAM IT, d.o.o. as of February 29 2024, and provided guarantees securing subsequent consideration payments. The effected payment was financed with a combination of own funds and long-term debt under the Investment bank loan agreement with Unicredit Bulbank AD from March 19 2024 in the amount of EUR 3,568,730. Pursuant to the preparation of financial statements of 7IT as of the date of acquisition of 100% of the shares in its capital by TBSG AD March 29 2024, the parties established:

- a final amount of the upfront payment due to the seller under the transaction of EUR 5,494,743, pursuant to which TBSG AD was to transfer in addition to the payment of 5,098,186 calculated on the basis of 7IT's interim statements as of February 29 2024 an equalization amount of EUR 396,557;
- a total equity value of the company as of the date of closing in the amount of EUR 8,848,194, taking into account that, in addition to the above upfront payment and in accordance with the Share purchase agreement:
 - EUR 698,994 of this amount was undertaken in the form of long-term obligations of the Company towards 7IT;
 - 2,654,458 of this amount are subject to conditional deferred payments, the final amount of which will be established in 2025 and 2026 depending on the financial results of 7IT for 2024 and 2025 and which represent the maximum total amount of these payments.

The above-mentioned equalization amount to the upfront payment under the transaction was financed with a combination of own funds and long-term debt under the Investment bank loan agreement with UniCredit Bulbank AD in the amount of EUR 277,590 and was transferred to the special (escrow) accounts established in accordance with the Share purchase agreement on April 30 2024.

With regard to the above additional financing, on April 30 2024, TBSG AD signed Annex № 2 to the Investment bank loan agreement № 00044/730 with UniCredit Bulbank AD from March 19 2024, whereby the total amount and the amount of the monthly principal installments in the repayment schedule adopted on April 10 2024 were updated in accordance with the amount of credit utilized under the Agreement attained as of April 30 2024 (EUR 3,846,320).

On April 09 2024, the MB approved the signing of a deal between TBS EAD as contractor and Consortium TELESEC" DZZD with partners TBS EAD and "Sectron" OOD as contracting party for the performance of deliveries and provision of services as per a Public Procurement Contract between the Ministry of Interior of the Republic of Bulgaria and "Consortium TELESEC" DZZD with the subject matter of "Modernization and expansion of the video surveillance system of the SDVR" with a total value up to BGN 3,041,673 and an implementation term up to 18 months from the date of signing the Public Procurement Contract.

On April 10 2024, TBSG AD signed Annex № 1 to the Investment bank loan agreement № 00044/730 with UniCredit Bulbank AD from March 19 2024, establishing a schedule for the repayment of the amount of EUR 3,568,730 utilized on March 28 2024 with the purpose of

financing the provisional upfront payment for the acquisition of 100% of the shares in the capital of 7IT in 65 equal monthly instalments from May 01 2024 to September 01 2029.

On April 10 2024, an Annex was signed to the Frame overdraft agreement №1102903942 from December 18 2023 between TBS Croatia and Zagrebačka banka d.d.. whereby the limit was extended from EUR 600,000 to EUR 1,200,000 and collaterals provided under the agreement, including a promissory note by TBS Croatia and a corporate guarantee by TBSG AD, were updated in respect of the increased amount. The new corporate guarantee was issued by TBSG AD on April 26 2024.

On April 26 2024, an annex was signed to the Frame loan agreement № 5074/2022 between UniCredit Banka Slovenija d.d. Telelink Slovenia with a limit of EUR 1,500,000, whereby the tenor was extended until April 18 2025. The corporate guarantee provided by TBSG AD to secure Telelink Slovenia's obligations under the agreement remained in force.

Additional information about the significant events related to transactions / contracts and/or annexes to existing contracts, to which the Company is a party or has provided collateral, that occurred after March 31 2024, is disclosed in Section VIII. IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD from the EXPLANATORY NOTES OF "TELELINK BUSINESS SERVICES GROUP" AD to the Consolidated Statement of Financial Position as of the end of the first quarter of 2024.

1.3.1 Information on transactions with related parties during the reporting period 1st January 2024 – 31st March 2024.

Operating Activities (BGN thousand)	Sales to related parties	Purchases from related parties
Other related parties (under common control)	308	13
Total	308	13
Operating Activities (BGN thousand)	Receivables from related parties	Payables to related parties
Other related parties (under common control)	7,174	57
Total	7,174	57

Joint operations

The interest of Group companies in joint operations is determined by the consortium agreements whereby such companies and other parties agree to unite their efforts on the basis of mutual cooperation in the form of a consortium for the purposes of implementing specific projects, with none of the parties exercising control.

The interest of Group companies in consortia in terms of revenues, costs, assets and liabilities over the period under review are presented below.

Operating Activities (BGN thousand)	Sales	Purchases
Participation in joint operations (consortia)	3,324	1
Total	3,324	1
Operating Activities (BGN thousand)	Receivables	Payables
Participation in joint operations (consortia)	1,112	0
Total	1,112	0

1.4. Resolution for conclusion, termination, and cancellation of joint venture agreement

The Company has not adopted resolution on conclusion, termination and cancellation of joint venture agreement during the reporting period.

1.5. Change of Company's auditors and reasons for the change

On 28th August 2023 the General Meeting of the Shareholders of Telelink Business Services Group AD approved the annual financial statements of TBSG AD for 2023 to be audited by Ernst and Young Audit OOD, having its seat and registered address in the 47A Tsarigradsko Shose Blvd., Polygraphia Office Centre, 4th floor, 1124 Sofia, entered in the register of audit companies with number 108. An auditor is to be appointed at a subsequent general meeting to verify and audit the Company's annual financial statements for 2024.

1.6. Initiation or termination of legal or arbitration proceedings related to liabilities or receivables of the Company or its subsidiary with claim price of at least 10 percent of the Company's equity

No legal or arbitration proceedings related to liabilities or receivables of the Company or its subsidiary with claim price of at least 10 percent of the Company's equity had been initiated or terminated during the reporting period.

1.7. Purchase, sale or established pledge on shareholdings in companies by the issuer or its subsidiary

During the reporting period 1st January 2024 – 31st March 2024 the following events occurred related to the purchase, sale or pledge of shares in commercial companies by the issuer or its subsidiary:

On February 13 2024, Telelink Business Services Group AD signed a Share Purchase Agreement for the acquisition of 100% of the company shares of limited liability company SEDAM IT d.o.o., registered under the law of Republic of Croatia with the registered seat in Zagreb, Koledovčina 2, OIB: 95661305069 – a provider of IT, communication and software solutions and services with a long-standing presence on the Croatian IT market.

Additional information on the Contract and its implementation is provided in Section 1.3 of this Annex.

On March 19 2024, in relation to the Bank Investment Loan Agreement No. 00044/730/19.03.2024 concluded between TBSG AD as the borrower, TBS EAD as the co-borrower and UniCredit Bulbank AD for the purpose of financing the acquisition of 100% of the shares in the capital of SEDAM IT d.o.o., Croatia, TBSG AD has undertaken to create securities which include (without limitation):

- A pledge over 50% of all dividend receivables of the Company from its subsidiaries, provided that the Company will be free to dispose of such receivables and the cash received from their realization, unless and until there is a material default or a declaration of an acceleration under the agreement by the Bank;
- Pledge of 100% of the shares in the capital of Sedam IT d.o.o. and the relevant dividend receivables.

Additional information on the contract is given in section 1.3 of this Annex.

At a meeting of the SB held on March 25 2024, the possibility of selling 100% of the shares of the capital of Telelink Albania was discussed. On April 30 2024, the SB approved the proposal of the Management Board for the sale of 100% of the shares in the capital of Telelink Albania to Erton Graceni, currently holding the position of Administrator of the company, and mandated the CEO of TBSG AD to take all necessary actions for the legal and factual realization of the decision.

On March 29 2024, TBSG AD acquires 100% of the shares in the capital of SEDAM IT, d.o.o., Croatia, by making an upfront initial payment to a special (escrow) account in the amount of EUR 5,098,186, calculated on the basis of interim statements of SEDAM IT, d.o.o. as of February 29 2024, and provides guarantees to secure subsequent payments of the price.

As a result of the preparation of the financial statements of 7IT as at the date of acquisition of 100% of the shares in its capital by TBSG AD (29.03.2024), on April 29 2024, the following have been determined:

- a final amount of the upfront payment due to the seller under the transaction of EUR 5,494,743, pursuant to which TBSG AD was to transfer in addition to the payment of 5,098,186 calculated on the basis of 7IT's interim statements as of February 29 2024 an equalization amount of EUR 396,557;
- a total equity value of the company as of the date of closing in the amount of EUR 8,848,194, taking into account that, in addition to the above upfront payment and in accordance with the Share purchase agreement:
 - EUR 698,994 of this amount was undertaken in the form of long-term obligations of the Company towards 7IT;
 - 2,654,458 of this amount are subject to conditional deferred payments, the final amount of which will be established in 2025 and 2026 depending on the financial results of 7IT for 2024 and 2025 and which represent the maximum total amount of these payments.

Additional information on the Contract and its implementation is provided in Section 1.3 of this Annex.

Additional information on material events related to the purchase, sale or pledge of shares in commercial companies by the issuer or its subsidiary occurring after March 31 2024, is disclosed in Section VIII. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD in TELELINK BUSINESS SERVICES GROUP AD Explanatory Notes to the Consolidated Statement of Financial Position as of the end of the first quarter of 2024.

30th May 2024

Ivan Zhitiyanov,
TELELINK BUSINESS SERVICES GROUP AD