

TELELINK BUSINESS SERVICES GROUP AD

MOTIVATED REPORT

**UNDER ART. 114A, PARA. 1 OF POSA AND
ART. 33 OF ORDINANCE No. 2 OF 09.11.2021
OF THE FINANCIAL SUPERVISION
COMMISSION**

English translation

30.04.2025

MOTIVATED REPORT

UNDER ART. 114A, PARA. 1 OF POSA AND ART. 33 OF ORDINANCE No. 2 OF 09.11.2021 OF THE FINANCIAL SUPERVISION COMMISSION

From the Managing Board of TELELINK BUSINESS SERVICES GROUP AD, Sofia

Regarding: Conditions and appropriateness of a transaction, as a result of which the public company TELELINK BUSINESS SERVICES GROUP AD will receive an asset of significant value from a related/interested person

This Motivated Report has been prepared in compliance with the provisions of Art. 114a, para. 1 of the Public Offering of Securities Act (POSA) and Art. 33 of Ordinance No. 2 of 09.11.2021 on initial and subsequent disclosure of information upon public offering of securities and admission of securities to trading on a regulated market (Ordinance No. 2) and contains all relevant information regarding the conditions and appropriateness of a transaction, as a result of which the public company TELELINK BUSINESS SERVICES GROUP AD (referred to in this Report as the "Company") will acquire assets (monetary funds) from its majority shareholder - Mr. Lyubomir Minchev. The monetary funds provided by the shareholder will be used to provide additional monetary remunerations (bonuses) to motivate and stimulate key employees working for both the Company and the companies over which it exercises control (together referred to as the "Group") in connection with the Company's intention to adopt and implement a Policy for Management Incentive Scheme ("MIS") for key employees in the Group¹. The ultimate goal of providing monetary funds is to maximize shareholder value by assisting the Company in attracting and retaining key employees by providing monetary incentives and rewards for the successful performance and positioning of the Group. The monetary funds will be received by the Company, respectively the latter will transfer them to its employees, only after adoption and implementation of the Policy for Management Incentive Scheme for key employees in the Group and realization of certain conditions, which will be described in this Motivated Report.

¹ The Managing Board of the Company has prepared a Proposal for the adoption of a Policy for Management Incentive Scheme of key employees of the Company and its subsidiaries through additional monetary remuneration (bonus) ensured by the sale of shares of the Company by shareholders who express their consent to participate in the MIS. It defines the purpose, parameters, employees entitled to participate, the conditions for receiving a bonus, the method of determining its amount, etc. The Proposal will be submitted for approval by the General Meeting of Shareholders on 18.06.2025.

The company has the status of a public company, within the meaning of Art. 110, para. 1 of POSA, as the securities issued by it are admitted to trading on a regulated market, therefore the special requirements of the POSA apply to it when concluding transactions of large value and with the participation of interested parties.

Given the fact that it is possible for the Company to acquire monetary funds from its majority shareholder, which qualifies as an acquisition of an asset from a related/interested party, an analysis of the applicability of the provisions of Art. 114, para. 1 of the POSA should be made. In this regard, the provision of Art. 114, para. 1, item 1, proposal first, determines that the persons who manage and represent the public company, without being expressly authorized to do so by the general meeting of the public company, may not carry out transactions as a result of which the company acquires assets with a total value exceeding 2 percent of the lower value of the assets according to the last two prepared balance sheets of the company, at least one of which has been audited, and which have been publicly disclosed in accordance with Art. 100t, when interested parties participate in the transactions.

Considering the fact that as of the date of preparation of this Motivated Report, there is no information available on the specific amount of monetary funds that will be acquired by the Company, nor on the number of transactions through which the sale of shares by the majority shareholder will be carried out and their targeted spending for the distribution of monetary bonuses and awards for key employees, in order to ensure maximum transparency for the transaction and making an informed decision by the shareholders, the Motivated Report will indicate the minimum and maximum value of the funds that will be provided by the majority shareholder to stimulate key employees of the Group.

When making a decision by the shareholders, it should be noted that the mandatory conditions for acquisition of the monetary funds from the majority shareholder and their subsequent distribution by the Company for additional monetary remuneration (bonus) to key employees of the Group are as follows:

1. conclusion of a disposal transaction, including a full and final sale of no less than 5% of the shares held by the shareholder Lyubomir Minchev.
2. reaching a minimum Equity Value of the Group as of the date of sale of shares of no less than EUR 124,551,000, representing the BGN equivalent of BGN 243,600,582.33, according to the BNB fixing.²

The minimum amount of monetary funds to be received from the majority shareholder – Mr. Lyubomir Minchev, is calculated as 5% of the Equity Value of the Company on a consolidated basis, which must exceed EUR 124,551,000, representing the BGN equivalent of BGN 243,600,582.33, according to the BNB fixing, be multiplied by the percentage of the shares in the capital that Mr. Minchev will sell. The maximum amount of the monetary funds to be received from the Company is calculated as 15% of the equity value of the Company on a consolidated basis, which must exceed EUR 300,000,000, representing the BGN equivalent of BGN 586,749,000, according to the

²Equity Value of the Group means the value of the enterprise on a consolidated basis, which includes all cash and cash equivalents, short-term and long-term investments less all short-term debts, long-term debts and minority interests.

BNB fixing, multiplied by the percentage of the shares sold by the shareholder Lyubomir Minchev.

The specific amount (within the specified maximum and minimum value) will be determined in accordance with the rules and conditions of the Policy for Management Incentive Scheme ("MIS") for key employees of the Company and its subsidiaries.

1. Description of the proposed transaction (Art. 33, para. 1, item 1, first proposal of Ordinance No. 2):

The Managing Board of the Company proposes to the general meeting of shareholders to adopt an authorization resolution, with a view to the lawful acquisition of monetary funds from the majority shareholder - Mr. Lyubomir Minchev, which will be spent on providing rewards/bonuses to key employees of the Group.

In the event that the majority shareholder succeeds in concluding a transaction/transactions for the sale of the shares held (in the amount of not less than 5% of the capital), as well as if the Company succeeds on a consolidated basis to realize an equity value not less than EUR 124,551,000, assets (monetary funds) will be acquired, the value of which will exceed the threshold under Art. 114, para. 1, item 1, point "b", namely the threshold of 2 percent of the lower value of the Company's assets, on an individual basis, reflected in the certified balance sheet of the Company as of 31-12-2024.

Subject of the transaction (Art. 33, para. 1, item 1, second proposal of Ordinance No. 2):

The subject of the transaction is the acquisition of assets (monetary funds) after each sale realized by the majority shareholder of not less than 5% of the shares of the Company's capital, which will be provided to the Group to provide additional monetary remuneration (bonuses) to its key employees.

2. Transaction value (Art. 33, para. 1, item 1, third proposal of Ordinance No. 2):

The value of the transaction under Art. 114, para. 1, item 1, first proposal of the POSA is determined as follows:

- minimum amount - 5% of the equity value, the value of which must not be less than EUR 124,551,000, representing the BGN equivalent of BGN 243,600,582.33, according to the BNB fixing, multiplied by the percentage of the shareholding that was sold;
- maximum amount - 15% of the equity value, the value of which exceeds EUR 300,000,000, representing the BGN equivalent of BGN 586,749,000 according to the BNB fixing, multiplied by the percentage of the shareholding that was sold.

2.1. Applicable thresholds under Art. 114, para. 1, item 1, first proposal of POSA:

Given the fact that the transaction is about to be approved at an upcoming GMS, the thresholds under Art. 114, para. 1, item 1, first proposal of POSA are determined based on a calculation of 2 percent of the lower value of the assets, according to the last prepared balance sheet of the company, which was audited by a registered auditor and which was publicly disclosed in accordance with Art. 100t of POSA on 31.03.2025 and the last prepared quarterly balance sheet on an individual basis as of 31.03.2025, publicly disclosed in accordance with Art. 100t of POSA on 29.04.2025.

In this specific case, for the purposes of calculating the thresholds under Art. 114, para. 1, item 1, first proposal of POSA, the audited balance sheet as of 31.12.2024 was taken into account, according to which the value of the assets of Telelink Business Services Group AD amounts to BGN 37,001.

The calculations of the relevant threshold under Art. 114, para. 1 item 1, first proposal of POSA were made both against the last audited balance sheet of the company as of 31.12.2024, and against the balance sheet for the first quarter of 2025, reflected in the following table:

		Amount of assets	Threshold under Art. 114, para. 1, item 1, point "b"
1.	Balance sheet according to audited Annual Financial Statement as of 31.12.2024	BGN 37,001	BGN 740,020
2.	Balance sheet as of 31.03.2025	BGN 38,128	BGN 762,560

In view of the above, the assets (monetary funds) that the Company will receive from the majority shareholder, in case the conditions are fulfilled, will exceed the threshold under Art. 114, para. 1, item 1, first proposal of POSA. Therefore, in order to ensure the lawful receipt of the monetary funds and its subsequent distribution as monetary awards/bonuses, it is necessary to obtain prior approval from the general meeting of shareholders of the public company.

3. In whose favor the transaction is carried out: (Art. 33, para. 1, item 1, fourth proposal of Ordinance No. 2):

The Company's receipt of the monetary funds from the majority shareholder and their subsequent distribution as monetary awards/bonuses is to the benefit of both the majority shareholder and the Company.

The benefit for Telelink Business Services Group AD is expressed in the opportunity, with the monetary funds provided, to motivate and stimulate its key employees in the Group, who make a major contribution to maximizing the value of the company and increasing the market value of the share.

The benefit for the majority shareholder is expressed in the opportunity to make a specific commitment to improving the management of the Group, achieving the business goals set by the management and increasing the market value of the share.

4. Other essential elements for the information to be complete and not misleading: (Art. 33, para. 1, item 1, last proposal of Ordinance No. 2):

When passing a resolution, the shareholders should bear in mind that at the time of preparation of this Motivated Report, the Company's management does not have specific information that could be qualified as inside information under Article 7 of Regulation No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Regulation 596/2014) and in respect of which there is a special procedure for its disclosure. The decision-making by the shareholders at this stage represents a valuable opportunity for the Group's employees to concentrate their efforts on improving its market presence and establishing it as a leader in the ICT industry.

When passing a resolution, the shareholders should take into account that the acquisition of assets (monetary funds) by the majority shareholder will be carried out after the sale of a minimum of 5% (625,000 shares) of the company's capital until he loses his status as a shareholder.

5. In the cases under Art. 114, para. 6 of POSA - a description of the transactions, indicating for each transaction the subject matter, the value and in whose favor it was carried out (Art. 33, para. 1, item 2 of Ordinance No. 2):

The information on the subject matter, value and beneficiary of the contract, the approval of which is proposed, is set out above in points 1 - 5 of this Motivated Report. The parameters described, values and features are valid and applicable to any transfer of assets (monetary funds) that may be effected under the contract concluded between the Company and the majority shareholder.

6. The name, respectively the trade name of the party to the transaction: for transactions with interested parties, respectively with the participation of an interested party – the names, respectively the trade names of the persons who are interested parties under Art. 114, para. 7 of POSA, legal basis and explanation of the reasons why they are interested parties (Art. 46, para. 1, item 3 of Ordinance No. 2):

6.1. Lyubomir Mihaylov Minchev – shareholder

The shareholder Lyubomir Minchev owns, as of the date of preparation of the Motivated Report, 50.11% of the capital of the public company Telelink Business Services Group AD. In the event that the conditions described above in this Motivated

Report are realized, the Company will receive an asset from an interested party, within the meaning of Art. 114, para. 7, in the proposal "persons who control the public company", first point, first proposal of POSA.

According to the provision of Art. 114, para. 7 of POSA, interested parties are the members of the management and supervisory bodies of the public company, the persons - representatives of legal entities, members of such bodies, its procurator, **persons who directly and/or indirectly hold at least 25 percent of the votes in the general meeting of the company or control it**, and in the case of transactions of a subsidiary - the members of its management and supervisory bodies, the persons - representatives of legal entities, members of such bodies, its procurator, persons who directly and/or indirectly hold at least 25 percent of the votes in the general meeting of the company, other than the public company, as well as their related parties, when they:

1. **are a party**, its representative or intermediary to the transaction or for their benefit the transactions or actions are carried out, or
2. directly and/or indirectly own at least 25 percent of the votes in the general meeting or control a legal entity that is a counterparty, its representative or intermediary to the transaction or for whose benefit the transactions or actions are carried out, or
3. are members of management or supervisory bodies, representatives of legal entities, members of such bodies or procurators of a legal entity under item 1 - item 2.

Based on the cited provision, an interested party who will provide the public company asset (monetary funds) for providing monetary bonuses for key employees of the Group is Mr. Lyubomir Minchev, since he holds over 25 percent of the votes in the general meeting of the company and directly controls the public company and at the same time is a party to the transaction. Therefore, there is an interest within the meaning of Art. 114, para. 7, proposal five, item 1, proposal one of POSA.

Due to the fact that Mr. Lyubomir Minchev qualifies as an interested party, given the prohibition under Art. 114a, para. 5 of POSA, he cannot exercise his right to vote on this item on the agenda of the meeting.

7. Regarding transactions with interested parties – the market valuation of the transaction under Art. 114a, para. 6 of POSA (Art. 33, para. 1, item 4 of Ordinance No. 2):

The transaction offered to the attention of the shareholders is qualified as falling within the scope of Art. 114, para. 1, item 1, first proposal of POSA. The imperative provision of Art. 114a, para. 6 of POSA determines that the transactions under Art. 114, para. 1, item 1 of the law, in which interested parties participate, may be carried out only at market price. The valuation is carried out by the management body, and in the cases of Art. 114, para. 1, item 1, point "b" of POSA - by independent appraisers appointed by it under Art. 5 of the Independent Appraisers Act.

In this specific case, the assets that will be provided to the Company are monetary

funds, the amount of which is calculated according to the procedure described above, therefore the requirement for preparing an assessment is not applicable.

8. Provision of information regarding compliance with the prohibition under Art. 114a, para. 2 of POSA.

In connection with compliance with the prohibition under Art. 114a, para. 2 of POSA, namely that the interested members of the management body should not participate in the preparation of the motivated report, the Company informs that there is no prohibition with respect to any of the members of the Managing Board from participating in the preparation and adoption of this Motivated Report, presented as part of the written materials for the meeting.

9. Description of the economic benefit for the public company from the proposed transaction (Art. 33, para. 1, item 6 of Ordinance No. 2):

The transaction proposed for the attention of the shareholders represents a valuable opportunity for the company's value to increase, as the monetary funds for the provision of bonuses/rewards being provided by the selling shareholder. As a result, long-term motivation and stimulation of key employees of the Group will be achieved, who will continue to actively contribute to its growth and success, which will ultimately contribute to increasing shareholder returns.

10. Conclusion

In connection with the above, the Managing Board proposes to the General Meeting of Shareholders to pass a resolution authorizing the Managing Board of the Company to conclude a transaction, consisting in concluding a contract between the Company and Mr. Lyubomir Mihaylov Minchev for the provision by him of funds for the granting of additional monetary remuneration (bonuses), linked to the sale of the Company's shares held by him, in an amount determined in accordance with the terms and conditions of the established Policy for management incentive scheme for key employees of the Company and its subsidiaries.

City of Sofia,

Date: 30.04.2025

**Members of the Managing Board of
TELELINK BUSINESS SERVICES GROUP AD,**

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**Ivan Zhitiyanov
Member of the Managing Board**

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Orlin Rusev
Member of the Managing Board

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Teodor Dobrev
Member of the Managing Board

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Jordanka Klenovska
Member of the Managing Board

.....
Desislava Torozova
Member of the Managing Board