

# TELEMATIC INTERACTIVE BULGARIA AD

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
as at 30 June 2024



I N T E R A C T I V E

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2024

	Note	30.06.2024 BGN'000	31.12.2023 BGN'000
Intangible assets	6	10,259	9,216
Property, plant and equipment	7	2,468	1,305
Right-of-use assets	7	1,501	1,713
Investments accounting for using the equity method		3,473	2,235
Non-current financial assets	10.1	359	359
Non-current receivables from related parties	15.4	776	655
Deferred tax assets		11	41
<b>Non-current assets</b>		<b>18,847</b>	<b>15,524</b>
Trade receivables and contract assets	8	754	836
Advances paid and other receivables	9	1,586	1,846
Financial assets at fair value	10.2	18,936	30,160
Income tax receivable		-	112
Inventories		58	57
Current receivables from related parties	15.4	991	706
Cash and cash equivalents	11	33,084	26,742
<b>Current assets</b>		<b>55,409</b>	<b>60,459</b>
<b>Total assets</b>		<b>74,256</b>	<b>75,983</b>
<b>Equity and liabilities</b>			
Share capital	12	12,960	12,960
Treasury shares		(6)	-
Reserves		16,892	17,000
Retained earnings		10,197	5,962
Current financial result		9,447	20,951
<b>Equity attributable to the parent</b>		<b>49,490</b>	<b>56,873</b>
Lease liabilities		1,131	1,358
Deferred tax liabilities		-	30
<b>Non-current liabilities</b>		<b>1,131</b>	<b>1,388</b>
Lease liabilities		424	394
Trade and other payables	13	4,248	5,391
Payables to personnel		1,375	1,226
Dividend payable		11,662	5,184
Payables to related parties	15.4	191	79
Income tax payable		286	16
Other tax liabilities	14	2,620	2,621
Client deposits		2,829	2,811
<b>Current liabilities</b>		<b>23,635</b>	<b>17,722</b>
<b>Total liabilities</b>		<b>24,766</b>	<b>19,110</b>
<b>Total equity and liabilities</b>		<b>74,256</b>	<b>75,983</b>

**INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD  
01.01.2024 - 30.06.2024**

		30.06.2024	30.06.2023
	Note	BGN'000	BGN'000
Revenue from bets and provision of gaming content	16	62,462	56,849
Revenue from sales of assets and services	16	42	20
Other revenue	16	-	47
Cost of materials		(153)	(157)
Hired services expense	17	(31,149)	(25,590)
Depreciation and amortization of non-financial assets expense	6,7	(1,006)	(821)
Employee benefits expense	18	(6,363)	(4,405)
Other expenses	19	(13,656)	(12,185)
<b>Profit from operations</b>		<b>10,177</b>	<b>13,758</b>
Finance income	20	568	629
Finance costs	20	(128)	(772)
<b>Profit before taxes</b>		<b>10,617</b>	<b>13,615</b>
Income tax expense		(1,186)	(1,379)
<b>Profit for the year</b>		<b>9,431</b>	<b>12,236</b>
Foreign exchange gains/losses on restatement of foreign operations		16	-
<b>Other comprehensive income</b>		<b>16</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>9,447</b>	<b>12,236</b>
<b>Profit for the period attributable to:</b>			
Holders of the equity of the parent		<b>9,447</b>	<b>12,236</b>
<b>Comprehensive income for the period attributable to:</b>			
Holders of the equity of the parent		<b>9,447</b>	<b>12,236</b>
<b>Share income</b>	12	<b>0.73</b>	<b>0.94</b>

## INTERIM SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD 01.01.2024 – 30.06.2024

	Note	30.06.2024 BGN'000	30.06.2023 BGN'000
<b>Operating activities</b>			
Bets placed by clients		286,112	243,896
Profits paid and deposits reimbursed		(226,280)	(189,326)
Proceeds from sales of services to customers		2,657	3,046
Payments to suppliers		(33,928)	(25,791)
VAT paid/recovered, net		(5,920)	(4,274)
Payments to personnel and for social security		208	-
Corporate tax payment		(818)	(1,596)
Gambling tax payments		(11,994)	(11,096)
Other cash flows, net		(765)	(3,006)
<b>Net cash flow from operations</b>		<b>9,272</b>	<b>11,853</b>
<b>Investing activities</b>			
Acquisition of interest in joint ventures		(1,238)	(29,904)
Matured issue proceeds		11,716	7,993
Loans granted		(236)	(253)
Purchases of non-current assets		(2,523)	(1,825)
Interest received		1	32
<b>Net cash flow from investing activities</b>		<b>7,720</b>	<b>(23,957)</b>
<b>Financing activities</b>			
Dividend payments		(10,238)	-
Lease payments		(245)	-
Payments for treasury shares		(94)	-
<b>Net cash flow from financing activities</b>		<b>(10,577)</b>	<b>-</b>
Foreign currency restatement		(73)	(185)
<b>Net change in cash and cash equivalents</b>		<b>6,342</b>	<b>(12,289)</b>
Cash and cash equivalents at the beginning of the year		26,742	44,249
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>33,084</b>	<b>31,960</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30.06.2024

	Share capital	Issue premia (premium reserve)	Other reserves	Retained earnings/	Equity attributable to the parent
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Balance at 1 January 2023</b>	<b>12,960</b>	<b>15,680</b>	<b>433</b>	<b>24,973</b>	<b>54,046</b>
Dividends	-	-	-	(18,144)	(18,144)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,144)</b>	<b>(18,144)</b>
Profit for the period	-	-	-	20,951	20,951
Other comprehensive income	-	-	20	-	20
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>20,951</b>	<b>20,971</b>
Profit allocation to reserves	-	-	867	(867)	-
<b>Balance at 31 December 2023</b>	<b>12,960</b>	<b>15,680</b>	<b>1,320</b>	<b>26,913</b>	<b>56,873</b>
<b>Balance at 1 January 2024</b>	<b>12,960</b>	<b>15,680</b>	<b>1,320</b>	<b>26,913</b>	<b>56,873</b>
Dividends	-	-	-	(16,716)	(16,716)
Treasury shares	(6)	(88)	-	-	(94)
<b>Transactions with owners</b>	<b>(6)</b>	<b>(88)</b>	<b>-</b>	<b>(16,716)</b>	<b>(16,810)</b>
Profit for the period	-	-	-	9,431	9,431
Other comprehensive income/other changes	-	-	(20)	16	(4)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>9,447</b>	<b>9,427</b>
<b>Balance at 30 June 2024</b>	<b>12,954</b>	<b>15,592</b>	<b>1,300</b>	<b>19,644</b>	<b>49,490</b>

# Notes to the consolidated financial statements

## 1. Principal activities

The parent company Telematic Interactive Bulgaria AD was registered on 30.06.2021 as a company under Article 234 of the Commercial Act as a result of the transformation of Telematic Interactive Bulgaria EOOD (a sole-owner company with limited liability) with its registered office and registered address in the Republic of Bulgaria, Sofia, Bulgaria. Sofia, 1345, Zaharna Fabrika Residential Area, 7, Kukush St. The Company has UIC 206568976 and is registered in the city of Sofia, entered in the Commercial Register on 02.07.2014 in accordance with the Commercial Act of the Republic of Bulgaria.

Since 07.03.2022, the Company has been registered as a joint stock company in the Commercial Register.

The Telematik Interactive Bulgaria AD Group consists of the parent company Telematik Interactive Bulgaria AD and its subsidiaries CT Interactive EOOD, TIB Palmsbet Ukraine, TIB Consult S.A.C. and Palmsbet Curacao B.V. All subsidiaries are directly, wholly owned and controlled by the parent.

The parent company's activities include organizing and conducting online betting in accordance with licenses issued by the relevant competent authority, the State Gambling Commission (SGC), valid until August 8, 2020. The Company has a license for organizing online casino gaming issued on 19.07.2019 and a license for online betting on results of sports competitions and horse and dog racing issued on 06.04.2023. The term of both licences is 5 years from the date of issue.

Under the Gambling Act, Telematic Interactive Bulgaria AD is the legal successor to the gambling licenses issued to Telematic Interactive Bulgaria EOOD. The Company may also carry out any other activities not prohibited by law. The Company's shares are traded on the Bulgarian Stock Exchange from 22.03.2022 with stock code TIB and ISIN code of the issue BG1100014213.

CT Interactive EOOD was registered on 09.02.2021 in Bulgaria with an initial capital of BGN 8,910 thousand. During the previous year, a capital increase of BGN 1,500 thousand was carried out through a cash contribution and as of 30.06.2024 the registered capital of CT Interactive EOOD amounts to BGN 10,410 thousand. The activities of CT Interactive EOOD include the provision of online content services for gambling websites. The increase was made in connection with the financing of investments for the development of a new activity of organising an online studio for live gaming broadcasting. The company has the following business activities: provision for use and rental, creation, modification and development of new software products and distribution. The Company has licenses for production and for import, distribution and service of gaming equipment issued on 12.11.2021. Both licenses are valid for 10 years from the date of issuance.

TOV PALMS BET UKRAINE is a company incorporated in Ukraine with no registered capital. As a result of the events in Ukraine and the invasion of Russia, the investment process has been suspended and the company is in liquidation.

Palmsbet Curacao B.V. was incorporated on 12.10.2022 in Curacao. The business of Palmsbet Curacao B.V is an online casino platform and sports betting for Latin American countries. In 2023, the subsidiary will commence operations after a license has been obtained. As of 30.06.2024, the subsidiary's capital amounted to BGN 550 thousand.

Palmsbet Curacao B.V. is a registered company of TIB Consult Sociedad Anonima (TIB Consult S.A.C.) was incorporated on 12.01.2023 in Peru with a view to developing online betting activities in that country. The registered capital of the subsidiary amounts to BGN 280 thousand and during the current reporting period the Company TELEMATIC INTERACTIVE BULGARIA AD has made an additional contribution to the share capital of TIB Consult Sociedad Anonima with the equivalent of BGN 956 thousand, which has been registered. As of 30.06.2024, the capital of the subsidiary amounts to BGN 1,236 thousand.

Group companies may also carry out any other activities not prohibited by law.

The majority owner of the capital and ultimate controlling entity is Eldorado Corporation AD, whose shares are not traded on a stock exchange. The parent company is managed by a Board of Directors composed of Lachezar Tsvetkov Petrov - Executive Director, Desislava Peeva Panova - Chairman of the Board of Directors and Emil Georgiev - member. The Company is represented by Lachezar Tsvetkov Petrov and Desislava Peeva Panova jointly and separately.

As of 30.06.2024 the Group employs 195 persons under employment contracts and three persons under management and control contracts.

## 2. Basis for preparation of the interim consolidated financial statements

The Group's interim consolidated financial statements for the six months to 30 June 2024 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. It does not contain all of the information required for the preparation of full annual financial statements under IFRS and should be read in conjunction with the Group's annual separate financial statements as at 31 December 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

The interim consolidated financial statements are presented in Bulgarian lev, which is the Group's functional currency. All amounts are presented in thousands of levs (BGN thousand) (including comparative information for 2023) unless otherwise stated.

Management is responsible for the preparation and fair presentation of the information in these interim consolidated financial statements.

The Group prepares interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as developed and issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), in which investments in subsidiaries are accounted for and disclosed in accordance with IFRS 10 'Consolidated Financial Statements'.

The consolidated financial statements have been prepared under the going concern basis.

### **Basis of preparation of the consolidated financial statements**

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS as adopted by the EU). For the purposes of paragraph 1(8) of the Additional Provisions of the Accounting Act applicable in Bulgaria, the term "IFRS as adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The consolidated interim financial statements are presented in Bulgarian lev, which is the Group's functional currency. All amounts are presented in thousands of levs (BGN thousand) (including comparative information for 2023) unless otherwise stated.

Management is responsible for the preparation and fair presentation of the information in these consolidated financial statements.

The consolidated interim financial statements have been prepared under the going concern basis.

### **3. Changes in the accounting policies**

During the period, the Company made no changes in accounting policies.

### **4. Accounting policies**

#### **4.1. General provisions**

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

The interim consolidated financial statements have been prepared in accordance with the valuation principles for all types of assets, liabilities, income and expenses under IFRS. The valuation bases are disclosed in detail later in the accounting policies to the financial statements.

It should be noted that accounting estimates and assumptions have been used in the preparation of the interim consolidated financial statements presented. Although these are based on information provided to management at the date of the financial statements, actual results may differ from the estimates and assumptions made.

#### **4.2. Presentation of the financial statements**

The interim consolidated financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements'. The Group presents the statement of profit or loss and other comprehensive income in a single statement.

Two comparative periods are presented in the consolidated statement of financial position. Where the Group applies an accounting policy retrospectively, it restates financial statement items retrospectively or reclassifies financial statement items and this has a material effect on the information in the statement of financial position at the beginning of the previous period.

#### **4.3. Consolidation basis**

The consolidated interim financial statements of the Group include the parent company's separate financial statements and the financial statements of all subsidiaries as at 30 June 2024. Subsidiaries are all entities controlled by the parent. Control exists when the parent is exposed to, or has rights over, the variable returns from its interest in the investee and has the ability to affect those returns through its power over the investee. All subsidiaries have a reporting period ending 30 June 2024.

All intra-group transactions and balances are eliminated, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are eliminated, the relevant assets are tested for impairment from the Group's perspective. Amounts presented in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies applied by the Group.

Profit or loss and other comprehensive income of subsidiaries that are acquired or disposed of during the year are recognised from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling interest as part of equity represents the share of the profit or loss and net assets of the subsidiary that is not held by the Group. The total comprehensive income or loss of the subsidiary is attributed to the owners of the parent and the non-controlling interests on the basis of their relative interests in the equity of the subsidiary.

If the Group loses control of the subsidiary, any investment retained in the former subsidiary is recognised at fair value at the date of loss of control, with the change in carrying amount recognised in profit or loss. The fair value of any investment retained in the former subsidiary at the date of loss of control is deemed to be the fair value on initial recognition of the financial asset in accordance with IFRS 9 Financial Instruments or, where appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity. In addition, any amounts recognised in other comprehensive income in respect of that subsidiary are accounted for on the same basis as would be necessary if the Group had directly disposed of the related assets or liabilities (e.g. reclassified to profit or loss or charged directly to retained earnings as required by the relevant IFRS).

The gain or loss on derecognition of an investment in a subsidiary is the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest.

#### **4.4. Business combinations**

All business combinations are accounted for using the purchase method of accounting. Consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities assumed by the acquirer to the former owners of the acquiree and the equity interests issued by the Group. Consideration transferred includes the fair value of assets or liabilities arising from contingent consideration. Acquisition costs are recognised in profit or loss in the period in which they arise.

The purchase method involves recognising the acquiree's identifiable assets and liabilities, including contingent liabilities, whether or not they were recognised in the acquiree's financial statements before the business combination. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value, which serves as the basis for subsequent measurement in accordance with the Group's accounting policies.

For each business combination, the Group measures any non-controlling interest in the acquiree that represents an equity interest in the acquiree and entitles the acquiree to a liquidation interest either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value or, if applicable, on a basis specified in another IFRS.

Goodwill is recognised when all identifiable intangible assets have been determined. It is the excess of (a) the acquisition-date fair value of the consideration transferred and (b) the amount of any non-controlling interest in the acquiree and (c) in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the acquisition-date fair value of the acquiree's identifiable net assets. Any excess of the fair value of the identifiable net assets over the amount calculated above is recognised in profit or loss immediately after the acquisition.

In a business combination achieved in stages, the Group remeasures the previously held equity interest in the acquiree at fair value at the acquisition date (i.e. the date control is obtained) and recognises the resulting gain or loss, if any, in profit or loss. Amounts recognised in other comprehensive income from an equity interest in the acquiree before the date control is acquired are recognised on the same basis as if the Group had disposed directly of the previously held equity interest.

If the initial accounting for the business combination has not been completed by the end of the reporting period in which the combination takes place, the Group records a provision for the items for which accounting has not been completed. During the measurement period, which may not exceed one year from the acquisition date, the Group adjusts those provision amounts retrospectively or recognises additional assets or liabilities to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

Any contingent consideration payable by the acquirer is recognised at fair value at the acquisition date and included as part of the consideration transferred in exchange for the acquiree. Subsequent changes in the fair value of contingent consideration that is classified as an asset or liability are recognised in accordance with the requirements of IFRS 9 Financial Instruments, either in profit or loss or as a change in other comprehensive income. If contingent consideration is classified as equity, it is not remeasured until it is finally settled in equity. Changes in the fair value of contingent consideration that represent provision amounts during the measurement period are accounted for retrospectively against goodwill.

#### **4.5. Transactions with non-controlling interests**

Changes in the Group's interest in the equity of a subsidiary that do not result in a loss of control are treated as transactions with owners of the Group. The carrying amounts of the Group's interest and non-controlling interests are adjusted to reflect the change in their relative share of the subsidiary's equity. Any difference between the amount by which the non-controlling



interests have changed and the fair value of the consideration received or paid is recognised directly in equity and attributed to the owners of the parent.

#### **4.6. Foreign exchange transactions**

Transactions in foreign currencies are recorded in the Group's functional currency at the official exchange rate at the date of the transaction (the announced fixing rate of the Bulgarian National Bank). Foreign exchange gains and losses arising on the settlement of these transactions and the remeasurement of foreign currency monetary items at the end of the reporting period are recognised in profit or loss.

Non-monetary items measured at historical cost in a foreign currency are carried at the exchange rate at the date of the transaction (not revalued). Non-monetary items measured at fair value in a foreign currency are recorded at the exchange rate at the date the fair value was determined.

The Bulgarian lev is pegged to the euro at EUR 1 = BGN 1.95583.

#### **4.7. Segment reporting**

Management defines operating segments based on the principal products and services offered by the Group.

The principal activities of these segments are as follows:

Organisation of online gaming

Provision of online gaming content

Each of these operating segments is managed separately as each activity requires different Gambling Act licences, resources and marketing approaches. All transactions between the segments are conducted at arm's length matching prices.

The Group applies a valuation policy consistent with the valuation policy used in the consolidated financial statements when reporting by segment under IFRS 8 Operating Segments.

In addition, the Group's assets that are not directly attributable to the operations of a segment are not allocated to segments.

Information about the performance of individual segments that is reviewed regularly by the chief operating decision makers does not include the effects of single non-recurring events, e.g. restructuring costs, legal costs and impairment charges where the impairment is due to an isolated non-recurring event. Financial income and expenses are included in the results of operating segments, which are regularly reviewed by the operating decision makers.

There have been no changes in the valuation methods used to determine segment profit or loss in prior reporting periods. No asymmetric allocation between segments is applied.

#### **4.8. Revenue from contracts with customers**

The main revenue generated by the Group is related to the organisation of online casino and sports betting and provision of gaming content.

To determine whether and how to recognise revenue, the Group uses the following 5 steps:

- 1 Identifying the contract with a customer
- 2 Identifying performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Revenue recognition when performance obligations are satisfied

##### *1 Identifying the contract with a customer*

The Group arranges its sales through an internet platform and the terms and conditions for each game are published and available to each customer on the website. By opening a profile/account on the gaming platform of the website, the respective player agrees to them.

In the case of sports betting, it is assumed that a bet placed by the customer is confirmation of a contract.

For revenue from the provision of online gaming content customers are companies organizers of online casinos. The terms and conditions of use of the gaming content shall be specified in the contract process. It is usually a percentage of the net revenue to the online casino from the games provided. This includes stakes minus winnings, and may also be subject to deduction of taxes and fees owed by the promoter.

##### *2 Identifying performance obligations*

Each customer of the Group provides a deposit amount with which they can place their bets. The activation of the customer's account takes place when the relevant amount of money is transferred to the Group or its authorised payment operators. This amount is defined as a deposit which entitles and enables the customer to place bets on the Group's gaming platform on games with random outcomes in the online casino or on the results of sports competitions.

The provision of the service for the use of a game consists of three stages which are defined as a gaming session and they are the acceptance of a bet, the implementation of the game and the conclusion of the bet by determining the result of the game.

A gaming session in an online casino is in most cases short and is determined by a single spin of the virtual reels in slot machine games, of the roulette wheel on the cards dealt in table games and other gaming conditions specified in the rules of the various games. In a gaming casino, a customer typically makes multiple gaming sessions in a short period of time. In the case of sports betting, a gaming session may last for several days until the specified sports match is played, and sometimes, for example in the case of bets on football league standings, for several months.

Typically, the Group's customer contracts include a single performance obligation. The Group's performance obligation relates to the payment of winnings to customers from the bets placed after the winning result for the game has been determined according to its terms and algorithm.

In order to provide the online content service, the Group shall grant the online organiser access to the game server for the use of the agreed games. They must be compatible with its platform and be displayed correctly on the online casino website.

### *3 Determining the transaction price*

In determining the transaction price, the Group takes into account the terms of the relevant game (contract) and its usual business practices. The transaction price is the amount of consideration to which the Group expects to be entitled in return for the transfer to the customer of the promised goods or services, excluding amounts collected on behalf of third parties (e.g. value added tax). The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

The transaction price for services provided by the Group is the difference between the stakes received from customers and the winnings paid to them (consideration payable to the customer).

In a gaming session, two outcomes are usually possible.

- The customer loses their bet. In this case, they lose the right to recover the portion of the cash deposit provided that is equal to the stake.
- The customer wins their bet. In this case the customer becomes entitled to receive the value of the winnings by payment by the Group.

In the event that the Group is unable to fulfil the performance obligation (e.g. in the event of a postponement of a sports event for which no play will take place), the amount of the customer's bet is refundable.

The specific nature of the gambling activity is based on a principle in probability theory called the law of large numbers, according to which, under given general conditions, the joint action of random factors leads to an outcome that is weakly dependent on chance. Therefore, although games have a completely random outcome depending on a random number generator, and sports bets have a random outcome, the algorithm for their calculation ensures certain levels of payoffs relative to the bets placed.

In addition to the price of the game, some games include additional bonuses which the Group is obliged to provide to the relevant player either in the form of an additional playing opportunity or as a cash prize/incentive. The substantial portion of the prize credits/bonuses are not considered a separate performance obligation as they do not provide customers with a material right that they would not otherwise receive. Therefore, the Group does not allocate the transaction price between the bonus/reward credits and the other performance obligations set out in the contract.

The transaction price for online content services is determined by a percentage of the net gaming revenue, which in some contracts is fixed and in others is variable according to the volume of bets the online casino operator has made. The period for which the revenue is determined is a calendar month. The Group's net revenue is the agreed relative share of total stakes less total winnings for the month. In some contracts additional taxes payable by customers are deducted.

### *4 Allocating the transaction price to the performance obligations*

The transaction price is allocated to a single performance obligation.

The Group records as revenue from contracts with customers the amount of bets received less the amount of winnings paid, which is treated as amounts due to customers as required by the Standard.

As a result of the bets placed and winnings paid out, by engaging in multiple gaming sessions, most of the players gradually lose the right to withdraw their deposits from the Group's bank accounts and the Group becomes no longer obliged to return them and increases its financial asset.

It is common for contracts for the use of gaming software to take the form of a grant of copyright. In order to be able to use the games, CT Interactive's obligations include maintenance of sites and servers, technical support by computer specialists and programmers, accounted for as current costs for the month.

#### *5 Revenue recognition when performance obligations are satisfied*

Revenue is recognised when the Group has transferred control of the goods/services provided to the buyer. Control is deemed to have passed to the buyer when the customer has accepted the goods/services without objection.

The Group's revenue is the difference between the stakes received, the winnings paid and other consideration due to the customer. This difference forms the net gaming revenue. Revenue from the sale of casino bets is recognised at the time of delivery i.e. at the time the bet is realised. Historically it has been associated with land-based gambling and so-called live casino gaming. Here the outcome of the game is the point at which control of the good/service is transferred and is equivalent to the amount of gaming chips lost.

In online gambling things are similar. Revenue is recognised by determining the net gaming revenue for a given period (month). It is equal to the completed bets minus the winnings including bonuses won. The net gaming revenue is equivalent to the amount for which players have lost the right to be reimbursed.

Sports betting revenue is recognised over time in the period in which the benefits of the sports competition are consumed.

Once the month has ended, the net revenue from providing online content for the period is calculated based on the data from the game counters. In accordance with the contract, taxes and fees payable by the promoter may also be deducted. Once the net revenue has been determined, an invoice is issued to the customer. The invoice is usually dated the following month, after the details have been specified. Revenue is recognised for the month to which it relates.

#### **4.8.1. Interest income**

Interest income relates to loans granted. They are accounted for on an ongoing basis using the effective interest method.

#### **4.9. Contract assets and liabilities**

The Group recognises contract assets and/or contract liabilities when one of the parties to the contract has fulfilled its obligations depending on the relationship between the entity's activity and the payment from the customer. The Group presents each unconditional right to consideration separately as a receivable. A receivable is the entity's unconditional right to receive consideration.

A contract liability is recognised in the statement of financial position if a customer pays consideration or the Group has a right to consideration that is unconditional before control of the good or service is transferred.

The Group recognises a contract asset when performance obligations are satisfied and payment is not due from the customer. A contract asset is the right of an entity to receive consideration in exchange for the goods or services that the entity has transferred to a customer.

The Group subsequently determines the amount of impairment for a contract asset in accordance with IFRS 9 Financial Instruments.

Deposits received from customers at the end of the reporting period are not treated as liabilities under contracts with customers because the deposit of amounts from customers is not subject to a performance obligation until such time as a pledge of those funds is made.

#### **4.10. Operating expenses**

Operating expenses are recognised in profit or loss when the services are used or incurred.

The Group recognises two types of costs associated with the performance of service/goods/service contracts with customers: costs to enter into/achieve the contract and costs to perform the contract. Where costs do not qualify for deferral under IFRS 15, they are recognised as current as incurred, for example, they are not expected to be recovered or the deferral period is up to one year.

The following operating expenses are always recognised as a current expense as incurred:

- General and administrative expenses (unless charged to the customer);
- Costs associated with the performance of the obligation;
- Costs for which the Company cannot determine whether they relate to a satisfied or unsatisfied performance obligation.

#### **4.11. Intangible assets**

Intangible assets include online betting platform software, purchased games and usage rights (acquired licenses). These are carried at cost, including all duties paid, non-refundable taxes and direct costs incurred in preparing the asset for use, whereby capitalised costs are amortised on a straight-line basis over the estimated useful lives of the assets, as these are considered to be finite. Licences are amortised over the period for which they are issued.

Subsequent measurement is at cost less accumulated amortisation and impairment losses. Impairment losses are expensed and recognised in the statement of profit or loss and other comprehensive income in the period.

Subsequent costs that arise in relation to intangible assets after initial recognition are recognised in profit or loss and other comprehensive income in the period in which they arise, unless they are likely to generate more future economic benefits for the asset than originally expected and those costs can be measured reliably and allocated to the asset. If these conditions are met, the costs are added to the cost of the asset.

The residual values and useful lives of intangible assets are assessed by management at each reporting date.

Amortisation is calculated using the straight-line method over the estimated useful lives of individual assets as follows:

- software - online casino games 6,7 years or for the duration of use in the case of temporary transfer of rights to software up to 10 years,
- industrial property rights, licences 5 years

Amortisation expense is included in the statement of profit or loss and other comprehensive income in the line "Amortisation and impairment of non-financial assets".

Costs directly attributable to the development phase of an intangible asset are capitalised if they meet the following criteria:

- Completion of the intangible asset is technically feasible so that it is available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. In addition, there is a market for the output of the intangible asset or for the intangible asset itself, or if it is used in the Group's operations, it will generate economic benefits;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset;
- Costs relating to the intangible asset during its development can be reliably estimated.

Costs of developing intangible assets that do not meet these criteria for capitalisation are recognised as incurred.

The gain or loss on the sale of intangible assets is determined as the difference between the proceeds from the sale and the carrying amount of the assets and is recognised in the statement of profit or loss and other comprehensive income in the line 'Gain/(Loss) on sale of non-current assets'.

The materiality threshold set for the Group's intangible assets is BGN 700.

#### **4.12. Property, plant and equipment and right-of-use assets**

Property, plant and equipment is initially measured at cost, which includes the acquisition cost and any direct costs of bringing the asset to working condition.

Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses. Impairment losses are expensed and recognised in the statement of profit or loss and other comprehensive income in the period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that economic benefits will flow to the Company in excess of the asset's original estimated performance. All other subsequent costs are expensed in the period in which they are incurred.

The residual values and useful lives of property, plant and equipment are estimated by management at each reporting date.

Property, plant and equipment acquired under lease arrangements are depreciated based on their estimated useful lives determined by comparison with similar assets owned by the Company, or based on the lease term if shorter.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the individual asset groups as follows:

- buildings 25 years
- machinery 5 years
- vehicles 5 years
- furniture and fixtures 7 years
- computers 2-5 years
- other 7 years

Depreciation expense is included in the individual statement of profit or loss and other comprehensive income in the line "Depreciation, amortisation and impairment of non-financial assets".

The gain or loss on the sale of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income on the line 'Gain/(Loss) on sale of non-current assets'.

The materiality threshold set for the Company's property, plant and equipment is BGN 700.

#### **4.13. Leases**

##### **4.13.1. Group company as lessee**

A Group company has entered into long-term lease agreements for premises under which it accounts for assets with right of use as at 30.06.2024.

For each new contract entered into, the Company assesses whether it is or contains a lease. A lease is defined as "a contract, or part of a contract, that provides the right to use an asset (the underlying asset) for a specified period of time in exchange for consideration." To apply this definition, the Company makes three primary judgments:

- whether the contract contains an identifiable asset that is either explicitly stated in the contract or implicitly stated at the time the asset is put to use
- the Company has the right to receive substantially all the economic benefits from the use of the asset over the entire period of use, within the defined scope of its right to use the asset under the contract
- the Company has the right to direct the use of the identifiable asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset will be used throughout the period of use.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients provided in the Standard. Rather than recognising right-of-use assets and lease liabilities, payments in respect of these are recognised as an expense in profit or loss on a straight-line basis over the term of the lease.

The use of an asset under a variable rental arrangement is recognised as an ongoing expense. Generally, the condition of use of such a tangible or intangible asset is linked to the achievement of financial parameters and results but it is not possible to determine the obligation with relative accuracy over the long term.

##### **4.14. Tests for impairment of intangible assets**

In calculating the amount of impairment, the Company defines the smallest identifiable group of assets for which separate cash flows can be determined (cash-generating unit). As a result, some assets are subject to impairment testing on an individual basis and others on a cash-generating unit basis.

All assets and cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, being the higher of an asset's fair value less costs to sell and its value in use. To determine value in use, the Company's management estimates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The inputs used in impairment testing are based on the Company's most recently approved budget, adjusted as necessary to eliminate the effect of future reorganizations and significant asset improvements. Discount factors are determined for each individual cash generating unit and reflect their respective risk profile as assessed by the Company's management.

Impairment losses of a cash-generating unit are stated as a reduction of the carrying amount of the assets of that unit. For all of the Company's assets, management subsequently assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have been reduced. An impairment recognised in a prior period is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

## **4.15. Financial instruments**

### **4.15.1. Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual terms of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards are transferred.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

### **4.15.2. Classification and initial measurement of financial assets**

Financial assets are initially carried at fair value adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables, which do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs, which are recorded as current expenses. The initial measurement of trade receivables that do not have a significant financial component is the transaction price in accordance with IFRS 15.

Financial assets are classified into one of the following categories, depending on the subsequent accounting:

- debt instruments at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income with or without reclassification to profit or loss depending on whether they are debt or equity instruments.
- 

The classification of financial assets is determined on the basis of the following two conditions:

- the Company's business model for managing financial assets;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are included in finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses in the statement of profit or loss and other comprehensive income.

### **4.15.3. Subsequent measurement of financial assets**

#### **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following criteria and are not designated as at fair value through profit or loss:

- the Company manages the assets within a business model whose objective is to hold the financial assets and collect their contractual cash flows;
- under the contractual terms of the financial asset, cash flows arise on specific dates that are solely payments of principal and interest on the outstanding principal amount.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is not carried out when its effect is immaterial. The Company classifies cash and cash equivalents, loans receivable, trade and other receivables in this category.

Subsequent valuation is necessarily performed at the date of preparation of the interim and annual financial statements based on quoted market prices.

- **Trade receivables**

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. They are usually due for settlement at short notice and are therefore classified as current. Trade receivables are recognised initially at the amount of the unconditional consideration unless they contain significant financing components. The Company holds trade receivables to collect contractual cash flows and therefore measures them at amortised cost using the effective interest method. Discounting is not performed when its effect is immaterial.

#### **Financial assets at fair value through other comprehensive income**

The Company carries financial assets at fair value through other comprehensive income if the assets meet the following conditions:

- The Company manages the assets within a business model whose objective is to hold the financial assets to collect contractual cash flows and sell them; and
- Under the contractual terms of the financial asset, cash flows arise on specific dates that are solely payments of principal and interest on the outstanding principal amount.

Financial assets at fair value through other comprehensive income include:

- Equity securities that are not held for trading and that the Company has irrevocably elected, on initial recognition, to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

#### **Financial assets at fair value through other comprehensive income**

The Company carries financial assets at fair value through other comprehensive income if the assets meet the following conditions:

- The Company manages the assets within a business model whose objective is to hold the financial assets to collect contractual cash flows and sell them; and
- Under the contractual terms of the financial asset, cash flows arise on specific dates that are solely payments of principal and interest on the outstanding principal amount.

Financial assets at fair value through other comprehensive income include:

- Equity securities that are not held for trading and that the Company has irrevocably elected, on initial recognition, to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

#### **4.15.4. Impairment of financial assets**

Impairment requirements under IFRS 9 use forward-looking information to recognise expected credit losses - the 'expected credit loss' model.

Instruments that fall within the scope of the new requirements include loans and other debt financial assets measured at amortised cost, trade receivables, receivables from related parties.

The recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and estimating expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the instrument's future cash flows.

In applying this forward-looking approach, a distinction is made between:

- financial instruments whose credit quality has not deteriorated significantly from the time of initial recognition or have low credit risk (Stage 1); and
- - financial instruments whose credit quality has deteriorated significantly since initial recognition or whose credit risk is not low (Stage 2)
- Stage 3 comprises financial assets that have objective evidence of impairment at the reporting date. None of the Company's financial assets fall into this category.

12-month expected credit losses are recognised for the first category, while expected losses over the life of the financial instruments are recognised for the second category. Expected credit losses are defined as the difference between any contractual cash flows due to the Company and the cash flows it actually expects to receive ('cash shortfall'). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate).

The calculation of expected credit losses is based on a probability-weighted estimate of credit losses over the expected life of the financial instruments.

#### **Trade and other receivables, contract assets and receivables under leases**

The Group uses a simplified approach in accounting for trade and other receivables as well as contract assets and recognises impairment loss as expected credit losses over the entire period. These represent the expected shortfall in contractual cash flows, taking into account the possibility of default at any point in the life of the financial instrument.

#### **Financial assets at fair value through other comprehensive income**

The Company recognizes estimated 12-month credit losses for financial assets carried at fair value through other comprehensive income. The Company analyses the credit risk of the instrument at the end of the reporting period and an expected credit loss is accrued if there is any indication of an increase.

In addition, the Company considers other indicators such as adverse changes in business, economic or financial conditions that may affect the issuer's ability to meet its debt obligations or unexpected changes in the issuer's operating results.

If any of these indicators results in a significant increase in the credit risk of the instruments, the Company recognises for those instruments or that class of instruments expected credit losses over the life of the instrument.

#### **Significant increase in credit risk**

Expected credit losses are measured as an allowance equal to 12 months of expected credit losses for Stage 1 assets, or expected credit losses over the life of the Stage 2 or Stage 3 asset. An asset transitions to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether an asset's credit risk has increased significantly, the Company considers qualitative and quantitative reasonable and supportable forward-looking information.

#### **4.15.5. Classification and measurement of financial liabilities**

The Company's financial liabilities include received loans, lease liabilities, trade and other financial liabilities and derivative financial instruments.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs, unless the Company has designated a financial liability as at fair value through profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives and financial liabilities that are designated as at fair value through profit or loss (except for derivative financial instruments that are designated and effective as a hedging instrument).

Any interest expense and, if applicable, changes in the fair value of the instrument that are recognised in profit or loss are included in finance costs or finance income.

#### **4.16. Income taxes**

Tax expense recognised in profit or loss includes the amount of deferred and current taxes not recognised in other comprehensive income or directly in equity.

Current taxes and charges include tax expense under the Corporate Income Tax Act and government charges under the Gambling Act.

A two-component state fee is levied for the issuance and maintenance of an online betting licence, consisting of a one-off fee of BGN 100 thousand and a variable portion of 20 per cent on the difference between the value of bets received and winnings paid. The Company charges and pays the variable component of the state fee at the end of each monthly period.

Current tax assets and/or liabilities comprise those amounts payable to or receivable from tax authorities relating to current or prior accounting periods that are unpaid at the financial statement date. Current tax is payable on taxable income that differs from profit or loss in the financial statements. The calculation of current tax is based on the tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

Deferred taxes are calculated using the passive method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of an asset or liability unless the transaction affects tax or accounting profit.

Deferred tax assets and liabilities are not discounted. They are calculated using tax rates that are expected to apply to the period in which they are realised, provided that they are enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised in full.

Deferred tax assets are recognised only if it is probable that they will be utilised through future taxable income. Refer to note 8 for management's assessment of the probability of future taxable income being available against which deferred tax assets can be utilised.

Deferred tax assets and liabilities are offset only when the Company has the right and intent to offset current tax assets or liabilities from the same taxing authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss unless they are associated with items recognised in other comprehensive income (e.g. revaluation of land) or directly in equity, in which case the related deferred tax is recognised in other comprehensive income or in equity.

#### **4.17. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in bank accounts, perpetual deposits and deposits of up to 3 months, short-term and highly liquid investments that are readily convertible to specific amounts of cash and contain an insignificant risk of change in value. The Company's reserves have been formed in accordance with applicable commercial legislation and are formed from deductions of the Company's retained earnings.



#### **4.18. Equity, reserves and dividend payments**

The share capital of the Company reflects the nominal value of the issued shares.

The Company's reserves have been formed in accordance with applicable commercial legislation and are formed from deductions of the Company's retained earnings.

Retained earnings include the current financial result and accumulated profits and losses from prior years.

The Company's reserves include statutory reserves.

Dividends payable to shareholders are included in the line 'Due to related parties' in the statement of financial position when dividends are approved for distribution by the general meeting of shareholders before the end of the reporting period.

All transactions with owners of the Company are presented separately in the statement of changes in equity.

#### **4.19. Retirement and short-term staff benefits**

The Company accounts for short-term compensated leaves arising from unused paid annual leave where the leave is expected to be taken within 12 months after the date of the reporting period during which the employees render the service related to the leave. Short-term payables to staff include wages, salaries and social security contributions.

In accordance with the requirements of the Labour Code, upon termination of employment, once the employee has become entitled to a retirement pension, the Company is obliged to pay a severance payment of up to six gross salaries. The Company has accrued a legal obligation to pay benefits to employees on retirement in accordance with the requirements of IAS 19 'Employee Benefits' based on projected payments over the next five years, discounted to the present by a long-term interest rate on risk-free securities.

The Company has not developed or implemented any post-employment benefit plans for employees.

#### **4.20. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when it is probable that a present obligation as a result of a past event will result in an outflow of resources from the Company and a reliable estimate can be made of the amount of the obligation. The timing or amount of the cash outflow may be uncertain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events, such as guarantees, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal restructuring plan has been developed and implemented or management has disclosed the key points of the restructuring plan to those who would be affected. Provisions for future operating losses are not recognised..

The amount to be recognised as a provision is calculated on the basis of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the probable outflow required to settle the obligation is determined by considering the group of obligations as a whole. Provisions are discounted when the effect of timing differences in the value of money is significant.

Consideration from third parties in respect of a liability that the Company is certain to receive is recognised as a separate asset. This asset may not exceed the value of the related provision.

Provisions are reviewed at the end of each reporting period and the amount adjusted to reflect the best estimate.

In cases where it is considered unlikely that an outflow of economic resources will arise as a result of a present obligation, a liability is not recognised. Contingent liabilities should be subsequently measured at the higher of the comparable provision described above and the amount initially recognised less accumulated amortisation.

Probable inflows of economic benefits that do not yet meet the criteria for asset recognition are considered contingent assets. They are described together with the Company's contingent liabilities.

#### **4.21. Significant judgements in the application of the accounting policies**

The significant judgements made by management in applying the Company's accounting policies that have the most significant effect on the financial statements are described below. The key sources of estimation uncertainty are described in Note 4.22.

#### **4.22. Uncertainty of accounting estimates**

In preparing the financial statements, management makes a number of assumptions and estimates about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from management's assumptions, estimates and assumptions and, in rare cases, are fully consistent with previously estimated results.

In preparing the interim consolidated financial statements presented, management's significant judgments in applying the Company's accounting policies and the key sources of estimation uncertainty are not materially different from those disclosed in the Company's annual financial statements as at 31 December 2023.

Information about significant assumptions, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is presented below.

#### **4.22.1. Recognition of gambling revenue in the presence of variable remuneration**

Gambling revenue relates to multiple credit awards, bonus schemes and other types of incentives that are inherent in the nature of the Company's gaming and related sales. The Company's management is required to exercise its judgement as to whether and to what extent these bonus schemes provide material entitlements to customers that they would not otherwise receive and accordingly be allocated to a separate performance obligation.

#### **4.22.2. Measurement of expected credit losses**

Credit losses constitute the difference between all contractual cash flows due to the Company and all cash flows the Company expects to receive. Expected credit losses are a probability-weighted estimate of credit losses that require the Company's judgment. Estimated credit losses are discounted at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated financial assets with a credit impairment).

#### **4.22.3. Impairment of non-financial assets**

An impairment loss is recognised for the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, being the higher of an asset's fair value less costs to sell and its value in use. To determine value in use, the Company's management estimates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. In calculating estimated future cash flows, management makes assumptions about future gross margins. These assumptions relate to future events and circumstances. Actual results may differ and require significant adjustments to the Company's assets in the next reporting year.

In most cases, the determination of the applicable discount factor involves an assessment of appropriate adjustments for market risk and risk factors that are specific to individual assets.

#### **4.22.4. Uncertainty in determining the Company's income tax liabilities and uncertain contingent tax liabilities**

Due to changes in 2020 in the tax legislation applicable to gambling activities, it cannot be interpreted unambiguously. The Company's management has assessed whether it is likely that the tax authority will adopt an uncertain tax treatment. The Company has considered tax practice and the likely tax treatment in its operations and therefore the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rate are consistent with the treatment used and expected to be used in reporting income taxes.

## 5. Consolidation basis

Subsidiary name	Principal activities	Country of incorporation	30.06.2023	31.12.2023		
			BGN'000	Interest (%)	BGN'000	Interest (%)
CT Interactive EOOD	provision for use and rental, creation, modification and development of new software products for online games	Bulgaria	10,410	100	10,410	100
TOV Palms Bet Ukraine	online casino platform and sports bets	Ukraine	-	100	-	100
Palmsbet Curacao B.V.	online casino platform and sports bets	Curacao	550	100	550	100
TIB Consult Sociedad Anonima(TIB Consult S.A.C.)	Payment operator of online casino platform	Peru	1,236	99	280	99
			<b>12,196</b>		<b>11,240</b>	

The subsidiary CT Interactive EOOD was entered in the Commercial Register on 09.02.2021. The company's capital at the end of the reporting period amounted to BGN 10,410 thousand, after an increase of BGN 1,500 thousand entered in the previous reporting period for the purpose of developing a streaming online live casino. The activities of C&T Interactive Ltd. include services of providing online content for gambling websites.

TOV Palms Bet Ukraine is a company incorporated in Ukraine with no active operations and no paid-in capital. Due to the events in Ukraine and the invasion of Russia, the investment process has been suspended and the company is in liquidation.

Palmsbet Curacao B.V. was incorporated on 12.10.2022 in Curacao. The business of Palmsbet Curacao B.V is an online casino platform and sports betting for Latin American countries.

In 2023, another subsidiary was registered in Peru, TIB Consult Sociedad Anonima (TIB Consult S.A.C.) its purpose is aimed at supporting the activities of Palmsbet Curacao B.V in Peru as well as carrying out local payment operations. The registered capital of the subsidiary amounts to BGN 280 thousand and during the current reporting period, the Parent Company made an additional contribution to the share capital of TIB Consult Sociedad Anonima with the equivalent of BGN 956 thousand, which has been registered.

## 6. Intangible assets

	Licenses BGN'000	Software BGN'000	Rights on gaming content BGN'000	Costs for acquisition of non-current intangible assets	Total BGN'000
<b>Gross carrying amount</b>					
Balance at 1 January 2024	390	179	11,515	-	12,084
Additions	685	18	715	362	1,780
Disposals	(70)	-	-	-	(70)
<b>Balance at 30 June 2024</b>	<b>1,005</b>	<b>197</b>	<b>12,230</b>	<b>362</b>	<b>13,794</b>
<b>Amortisation</b>					
Balance at 1 January 2024	(182)	(115)	(2,571)	-	(2,868)
Amortisation charge	(71)	(7)	(659)	-	(737)
Amortisation written-off	(70)	-	-	-	(70)
<b>Balance at 30 June 2024</b>	<b>(183)</b>	<b>(122)</b>	<b>(3,230)</b>	<b>-</b>	<b>(3,535)</b>
<b>Carrying amount at 30 June 2024</b>	<b>822</b>	<b>75</b>	<b>9,000</b>	<b>362</b>	<b>10,259</b>

The Group's principal intangible assets represent the one-off fees payable and paid for the Group companies' licences under the Gambling Act, which are issued for a term of 5 years, the exclusive rights to distribute the Group's games online, an online gaming platform, and a licence to manufacture, import, distribute and service gaming equipment for a term of 10 years.

During the reporting period, the Group invested BGN 362 thousand in additional development of modules for online content delivery related to positioning in new markets. The process has not yet been completed and the investment is presented in the consolidated accounts as cost of acquisition of intangible fixed asset.

The Group has not pledged any intangible assets as security for its liabilities.

## 7. Property, plant and equipment, incl. right-of-use assets

	Machinery and equipment	Computers and periphery	Furniture and fixtures	Equipment and permanent assets	Assets in progress	Vehicles	Right-of- use assets - properties	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Gross carrying amount</b>								
Balance at 1 January 2024	62	355	60	109	898	30	2,122	3,635
Additions	-	89	2	6	1,123	-	-	1,220
Disposals	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2024</b>	<b>62</b>	<b>444</b>	<b>62</b>	<b>115</b>	<b>2,021</b>	<b>30</b>	<b>2,122</b>	<b>4,856</b>
<b>Depreciation</b>								
Balance at 1 January 2024	(6)	(137)	(23)	(29)	-	(14)	(409)	(618)
Depreciation accrued	(9)	(31)	(5)	(8)	-	(4)	(212)	(269)
Depreciation written-off	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2024</b>	<b>(15)</b>	<b>(167)</b>	<b>(29)</b>	<b>(37)</b>	<b>-</b>	<b>(18)</b>	<b>(621)</b>	<b>(887)</b>
<b>Carrying amount at 30 June 2024</b>	<b>47</b>	<b>277</b>	<b>33</b>	<b>78</b>	<b>2,021</b>	<b>12</b>	<b>1,501</b>	<b>3,969</b>

## 8. Trade receivables and contract assets

	30.06.2024 BGN'000	31.12.2023 BGN'000
Contract assets with related parties	9	3
Contract assets with other customers	412	561
Trade receivables	333	272
<b>Total</b>	<b>754</b>	<b>836</b>

The Group records current assets under contracts with customers, mainly related to the provision of online content. Services are provided by the Group to customers but no payment is due from the customer at the financial reporting date.

## 9. Advances paid and other receivables

	30.06.2024 BGN'000	31.12.2023 BGN'000
Prepayments	654	509
Advances	429	419
Taxes refundable	503	918
Other	<b>1,586</b>	<b>1,846</b>

## 10. Financial assets at fair value

	30.06.2024	31.12.2023
	BGN'000	BGN'000
<b>Debt instruments at fair value through profit or loss</b>		
Sovereign securities	5,096	16,576
Money market fund	13,840	13,584
<b>Current financial assets</b>	<b>18,936</b>	<b>30,160</b>
Non-exchange traded equity instruments	359	359
Non-current financial assets	<b>359</b>	<b>359</b>
<b>Total</b>	<b>19,295</b>	<b>30,519</b>

### 10.1 Equity instruments at fair value through other comprehensive income

As at 30.06.2024, the Group held shares for BGN 300 thousand in the capital of Bargame AD, which were not listed on an exchange. The shares entitle to a 2% interest in the capital of Bargame AD. It is the intention of the Group's management to hold the holding as a long-term, strategic investment to generate dividend income. In accordance with the business model for accounting for financial instruments, the investment has been classified as subsequently carried at fair value through other comprehensive income.

### 10.2 Debt instruments at fair value through profit or loss

As at 30.06.2024 The Company holds sovereign securities and exchange-traded funds investing in money market instruments. The debt securities mature in 2024.

Current financial assets are measured at fair value determined based on quoted prices in the interbank market and the stated buyback price at the financial statement date.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income in the line "finance costs" and the line "finance income".

### Determination of fair value

Financial assets carried at fair value in the statement of financial position are grouped into three levels according to the fair value hierarchy. This hierarchy is determined based on the significance of the inputs used in determining the fair value of financial assets and liabilities as follows:

- Level 1: market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than market prices included in Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. on a price basis); and
- Level 3: inputs for an asset or liability that are not based on observable market data.

A financial asset or liability is classified at the lowest level of significant inputs used to determine its fair value.

	30 June 2024				31 December 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Financial assets</b>								
Actively traded sovereign securities	5,096	-	-	5,096	16,576	-	-	16,576
Mutual funds	-	13,840	-	13,840	-	13,584	-	13,584
Non-exchange traded equity instruments	-	-	359	359	-	-	359	359
<b>Total assets</b>	<b>5,096</b>	<b>13,840</b>	<b>359</b>	<b>19,295</b>	<b>16,576</b>	<b>13,584</b>	<b>359</b>	<b>30,519</b>

All market-traded bonds are denominated in BGN and are actively traded on the international market. The fair values were determined based on their quoted prices reported on internationally recognised platforms at the reporting date. Gains and losses on remeasurement of the fair value of financial instruments are included in finance income and finance costs in the statement of profit or loss and other comprehensive income.

For the Group's financial assets classified at Level 3, valuation techniques using internal models are used to value the holdings based on the Company's net asset model. Equity instruments as at 30.06.2024 have been valued at the cost of the assets for which an analysis of movement to the reporting date has been performed and no material variances in the valuation of the holding have been identified. No remeasurements of financial assets have been recorded in other comprehensive income during the period.

As at 30.06.2024 the Group accounts for financial assets at fair value, respectively there were no transfers between levels 1 and 2 during the reporting periods.

## 11. Cash and cash equivalents

	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Cash in hand	1,639	1,680
Cash in banks	12,591	5,124
Cash in payment operators	18,301	19,818
Cash equivalents	553	120
<b>Cash and cash equivalents</b>	<b>33,084</b>	<b>26,742</b>

## 12. Share capital, dividends and earnings per share

As at 30 June 2024 the Group's registered capital consists of 12,960,018 ordinary shares with a nominal value of BGN 1. There has been no change in the number of shares since the beginning of the year

The Group's shares are traded on the Bulgarian Stock Exchange. The shares are entitled to receive a dividend and a liquidation share and each share represents one vote at the general meeting of shareholders.

As at 30 June 2024, pursuant to the resolution of the AGM dated 11 March 2024, the Company has repurchased 6,060 treasury shares representing 0.0468% of all voting shares issued by Telematic Interactive Bulgaria AD.

The treasury shares are carried in the statement of financial position at their nominal value, accordingly the Company's share capital as at the end of the reporting period has been reduced by their nominal value.

As at 30.06.2024. The Company is majority owned by Eldorado Corporation AD, whose ultimate owners are Milo Stratiev Borisov and Rosina Stratieva Borisova.

### Earnings per share

As at 30 June 2024, basic earnings per share has been calculated based on net profit attributable to shareholders and the weighted average number of shares of the Group, as follows:

	<b>30.06.2024</b>	<b>30.06.2023</b>
Distributable profit (in BGN)	9,447,213	12,235,776
Weighted average number of shares	12,953,958	12,960,018
<b>Basic earnings per share (in BGN per share)</b>	<b>0.73</b>	<b>0.94</b>

As of 30 June 2024 the General Meeting of Shareholders made a decision to distribute cash dividend in the amount of BGN 11,662,946.

### 13. Trade and other payables

	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Trade payables	4,040	5,348
Other payables	208	43
	<b>4,248</b>	<b>5,391</b>

### 14. Other tax liabilities

	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
State fee under Article 38 of the Gambling Act	2,190	2,077
VAT to be paid	144	261
Withholding tax on income of individuals	167	146
Withholding tax	119	137
	<b>2,620</b>	<b>2,621</b>

### 15. Related parties

#### 15.1. Transactions with owners

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Purchase of services	35	36
Dividend distribution	16,716	12,937
Dividend payment	10,220	-
Loans granted	-	88
Loan repayment	2	-

#### 15.2. Transactions with other related parties under common control

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Purchase of non-current assets	858	650
Purchase of services and goods	1,721	634
Goods and services supplied	173	54
Loans granted	236	165
Interest accrual	32	5



### 15.3. Transactions with key management personnel

The key management personnel of the Company include the members of the Board of Directors and senior management personnel.

The remuneration of key management personnel includes the following expenses:

	30.06.2024 BGN'000	30.06.2023 BGN'000
Current remuneration:		
Salaries, incl.:	336	323
<i>bonuses</i>	194	188
Social security contributions	8	8
<b>Total remuneration</b>	<b>344</b>	<b>331</b>

### 15.4. Related party balances at period-end

	30.06.2024 BGN'000	31.12.2023 BGN'000
<b>Non-current receivables from:</b>		
- other related parties under common control	776	655
<b>Total non-current receivables from related parties</b>	<b>776</b>	<b>655</b>
<b>Current receivables from:</b>		
- owners	93	437
- other related parties under common control	898	269
Total current receivables from related parties	991	706
<b>Total receivables from related parties</b>	<b>991</b>	<b>1,361</b>
<b>Current payables:</b>		
- owners, incl. dividend payables	11,662	5,184
- other related parties under common control for supplies	191	79
<b>Total current payables to related parties</b>	<b>11,853</b>	<b>5,263</b>
<b>Total payables to related parties</b>	<b>11,853</b>	<b>5,263</b>

Related parties of the Group include owners, companies under common control and key management personnel.

Unless specifically stated, related party transactions are not carried out on special terms and no guarantees are given or received.

Loans granted to related parties are unsecured with an agreed market interest rate, short-term for a term of one year and long-term for a term of three years. The remaining receivables from related parties and payables are commercial in nature.

The Group has not received any guarantees from related parties or provided any guarantees to related parties.

## 16. Revenue

	30.06.2024 BGN'000	30.06.2023 BGN'000
Revenue from bets	59,862	54,302
Revenue from online content provision	2,600	2,547
Revenue from sale of other services	42	20
<b>Revenue from contracts with customers within the scope of IFRS 15</b>	<b>62,504</b>	<b>56,869</b>
Other revenue	-	47
<b>Revenue outside the scope of IFRS 15</b>	<b>-</b>	<b>47</b>
<b>Total revenue</b>	<b>62,504</b>	<b>56,916</b>

The Group reports as betting revenue the amount of bets placed less amounts due to customers and incentives it provides to its customers. The Group's realised betting revenue by type is as follows:

	30.06.2024 BGN'000	30.06.2023 BGN'000
<b>Revenue by types of activities:</b>		
Casino games	54,351	50,081
Sports bets	5,511	4,221
	<b>59,862</b>	<b>54,302</b>

## 17. Hired services expense

	30.06.2024 BGN'000	30.06.2023 BGN'000
Advertisement	11,437	8,901
Gaming content fees	9,778	8,799
Payment services	5,931	5,070
Software services	1,808	1,447
Consulting fees	446	525
Technical maintenance	248	152
Communications and utilities	837	353
Accounting and legal services	526	98
Rentals	72	69
Other	66	176
	<b>31,149</b>	<b>25,590</b>

## 18. Payables to personnel

The employee benefits expense includes:

	30.06.2024 BGN'000	30.06.2023 BGN'000
Current remuneration	5,587	3,317
Social security payables	776	1,088
<b>Employee benefit expense</b>	<b>6,363</b>	<b>4,405</b>

## 19. Other expenses

	30.06.2024 BGN'000	30.06.2023 BGN'000
Fees under the Gambling Act	12,175	11,015
Withholding tax expense	240	232
Additional in-kind and cash bonuses and awards	220	380
Other expenses	1,021	558
	<b>13,656</b>	<b>12,185</b>

In addition to the tax regulations applicable to ordinary commercial activities, the Group is also subject to specific requirements such as a monthly licence fee under the Gambling Act of 20% on the difference between the value of bets received and winnings paid.

## 20. Finance income and costs

	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Interest income	55	116
Gains on financial statement	478	498
Foreign exchange gains	35	16
<b>Finance income</b>	<b>568</b>	<b>629</b>
Interest costs	49	53
Losses on foreign exchange restatement	74	80
Losses on financial instruments	-	611
Other finance costs	5	28
<b>Finance costs</b>	<b>128</b>	<b>772</b>

## 21. Events after the end of the reporting period

As at the date of approval of this report, the dividends distributed amounting to BGN 11 662 thousand have been fully paid to the shareholders.

The parent company Telematik Interactive Bulgaria AD has announced the convening of an Extraordinary General Meeting on 13 September 2024 for the adoption of a resolution for the distribution of a dividend from a portion of retained earnings, namely an amount of BGN 5,826,457.80 in the form of a dividend, or BGN 0.45 per share.

## 22. Approval of the interim consolidated financial statements

The consolidated financial statements as at 30 June 2024 (including comparative information) were authorised for issue by the Board of Directors on 29 August 2024.

29.08.2024  
Sofia

.....  
Rumen Terziyski  
Chief Accountant

.....  
Lachezar Petrov  
Executive Director