



**CONSOLIDATED**  
**QUARTERLY MANAGEMENT ACTIVITY REPORT**  
**as at 30 SEPTEMBER 2024**

---

**Telematic Interactive Bulgaria AD publishes information pursuant to Art. 7 of Regulation (EU) 596/2014 at:**

[Investor Relations | Telematic Interactive](#)

[www.x3news.com](http://www.x3news.com)

## **I. GENERAL COMPANY INFORMATION**

### **Operational profile**

Telematic Interactive Bulgaria AD (LEI 254900MAXRCO8KWAYC84) was incorporated on 30 June 2021 following the transformation of Telematic Interactive Bulgaria EOOD. Until 07.03.2022 the Company was a wholly owned subsidiary of Eldorado Corporation AD.

The Company is registered in the Register of public entities and other securities issuers kept by the Financial Supervision Commission (FSC). Its shares were registered for trade on Bulgarian Stock Exchange AD (BSE) on 22 March 2022, with exchange code TIB.

## **II. MAIN DEVELOPMENTS IN THE REPORTING PERIOD**

Telematic Interactive Bulgaria AD a licensed operator of online games of chance. The Company operates on the territory of Bulgaria under the trademark PalmsBet ([www.palmsbet.com](http://www.palmsbet.com)). Online games of chance form all of the Company's revenue, and the services provided are in two areas – online casino and sports betting. The online casino offers over 800 online slot games, live casino, bingo and table games. In sports betting, clients can bet on over 20,000 sports events. The activity is entirely B2C – clients are natural persons who deposit funds to participate in the games.

The subsidiary CT Interactive EOOD holds an online casino platform and the exclusive rights over the distribution of over 220 online slot games and the related software applications for online access via mobile devices, computers and tablets. Along with the content, CT Interactive EOOD also acquired rights over the business contracts concluded with clients for provision of the platform and gaming content. Thus the B2B segment was added to the services offered by Telematic Interactive Bulgaria. CT Interactive EOOD obtained the necessary licenses for operating in Romania, Bulgaria and Malta. The clients of CT Interactive EOOD belong to two types – operators (online casinos) and gaming content platforms (aggregators, distributors).

The favourable market environment is maintained, supported by the trend towards an increasing share of online gaming at the expense of gaming halls and other land-based operations. This allows TIB to continue to maintain two-digit revenue growth, despite an environment of intense competition. This has been helped by a continuous drive to improve the product and quality of service, allowing the company to maintain and expand its market position.

The overall positive development of the economy, falling inflation and income growth has also had a positive effect on the company's earnings, with the year-to-date revenue growth rate accelerating from 6.1% y-o-y in Q1 24 to 13.5% in Q2 24 and 15.3% in Q3 24.

The subsidiary of Telematic Interactive Bulgaria AD – CT Interactive EOOD, offers its own online games and products available on over 400 online casino brands throughout the world. Despite the favourable market environment, competition in the sector has also increased significantly in terms of supply and activity of other providers.

During the period, TIB continued its investment (through capital increases) in subsidiaries operating in Peru through financing a more active marketing campaign.

At the end of 2023, Telematic Interactive Bulgaria AD established the joint venture 77 BTS BSC DOO, with a 50% stake. The newly established company won a tender for the right to carry out online betting activities in North Macedonia, organised by the country's State Lottery. Under the terms of the tender, in January 2024, 77 Bits BSC DOO established a joint venture in which it owns 49%, with the remaining 51% owned by the State Lottery. The Company commenced operations at the beginning of August 2024 and by resolution dated 26.09.2024. The Government of the Republic of North Macedonia authorized the opening of procedures with proposals for the termination of the three companies - online gambling organizers, including State Lottery - 77 BITS DOO Bitola, which acquired the right to operate in the country in the past year. This is the result of a new interpretation of the current legislation by the newly elected parliament of the RNM. As of now, the operation has suspended activities until the legal situation is clarified.

## Operating results

### Revenue

Realized revenue from core business in 9-months amounted to BGN 96.4 million (Q3 2023: BGN 86.4 million), which represents an increase of 11.6%. Revenues are generated entirely from the core business of online betting. The results were driven by a favourable market environment, continued expansion of the market as a whole and the Company's flexible policy to develop new offerings for customers. At the end of May, new regulations came into force which restricted gambling advertising, the most significant of which is the ban on digital and TV advertising. These restrictions had no material adverse effects on the results of TIB AD. Sponsorship of sports clubs and events was among the top of the company's marketing mix where restrictions were not imposed. In contrast to the general trend, TV advertising was among the few channels used, and accordingly the effects were limited. Most significant was the restriction of digital advertising, where the negative effect was largely compounded thanks to the long-term efforts invested in SEO.

Revenue is generated from two main activities - online betting (casino games -slot games, streaming of live casino games, etc. and sports betting - sports results, sports events) and the provision of gaming content. Telematic Interactive Bulgaria AD has a strong position and competitive advantages in slot games, where it realized a growth of 11.3% and they form the main part of the revenue - 89%. In a highly competitive environment, the company continues to successfully attract new customers while successfully retaining existing ones with a broad portfolio of games, good service and active communication with customers.

Sports betting revenue accounted for 7% of total operating revenue and grew 28.3% year-on-year, supported by the European Football Championship and the successful development of the new sports betting platform. The new platform has significantly improved features and functionality which enables the company to improve quality and options for customers and enhance the performance dynamic. Sports revenues typically experience significant volatility on a monthly basis due to their dependence on one-off events, which normalises as the period expands.

### Structure of operating income

In BGN'000	9 months 23	9 months 24	Variance	Q3 23	Q3 24	Variance
Casino games	76,940	85,631	11.3%	26,859	31,280	16.5%
% of income	89.1%	88.8%		91.1%	92.2%	
Sports betting	5,265	6,755	28.3%	1,044	1,244	19.2%
% of income	6.1%	7.0%		3.5%	3.7%	
Provision of gaming content	4,059	3,932	-3.1%	1,512	1,332	-11.9%
% of income	4.7%	4.1%		5.1%	3.9%	
Other income	120	98	-18.3%	53	56	5.7%
% of income	0.1%	0.1%		0.2%	0.2%	
<b>Total income</b>	<b>86,384</b>	<b>96,416</b>	<b>11.6%</b>	<b>29,468</b>	<b>33,912</b>	<b>15.1%</b>

Revenue from gaming content amounted to BGN 3.9 million (Q3 2023: BGN 4 million) and remained at the previous year's level. The revenue retention is due to renegotiating terms with key customers and offering discounts to improve the positioning of owned content and improve long-term development potential.

The year-on-year increase in revenue was driven by both an increase in average revenue per customer and the number of average monthly active customers. Active customers reached 93,602 monthly in Q3 24, a 15% increase year-over-year. A significant positive contributor to this was new strategies to combine attractive campaigns and offers which significantly increased the number of new registrations in Q2. At the same time, improvements in product and effective targeted marketing led to a significant improvement in conversion rates and an increase in new active customers. The enactment of regulations restricting gambling advertising had a positive effect which limited the potential customer base and improved marketing effectiveness. Average

revenue per customer increased 1% in the quarter and 7% year to date as a result of offering effective bonus schemes.

Since the beginning of the year, the bounce rate has risen significantly to 10% due to isolated periods of active campaigns attracting large numbers of new customers. During these periods less active customers are attracted which also leads to a temporary increase in this indicator. The focus on customer service is maintained (significant investment in customer service centre capacity and training) and the use of a highly functional CRM system (Customer Relationship Management system) allows for a tailored approach to targeting the customer base. This allows us to build and retain a loyal customer base which is critical to the effectiveness of the business in a competitive environment and rising costs to attract new customers. The latter, combined with the active introduction of new functionalities and products, allowed the last quarter's churn rate to fall to 2% - the lowest level in the last year.

Indicators related to the client base  
Average monthly data

In BGN'000	9 months 23	9 months 24	Variance	Q3 23	Q3 24	Variance
Active clients, in '000	90,109	94,743	5%	81,409	93,602	15.0%
Average revenue per client	102	109	7%	115	116	0.9%
Conversion rate*	35%	74%	113%	33%	82%	148.5%
Dropout rate**	4%	10%	131%	5%	2%	-60.0%

\* The ratio between new accounts (players that placed their first bet) and new registrations (website sign-ups), average monthly.

\*\* The ratio between dropouts and the number of active clients in the previous month.

As a result of this policy, the drop-out rate is significantly below the industry norm, taking into account the one-off effect of single campaigns. The good level of this indicator is due to the reactivation of inactive players thanks to proactive actions by the company. At the same time, the retention of active clients over a long period of time is the result of actions taken to continuously improve the product offering and meet customer needs for diverse content and service and attractive promotional programs.

Operating expenses

The biggest share of Company expenses are the expenses for gaming suppliers, advertising, payment services and Gambling tax, which form 77% of the Company's operating expenses.

Telematic Interactive Bulgaria AD uses games of external suppliers with whom it has concluded revenue-sharing contracts (% of revenue that the respective supplier's games have generated), including with the subsidiary CT Interactive EOOD. As the revenue increased, the expenses for gaming suppliers increased by 8.4% to BGN 14.9 million (Q3 2023: BGN 13.7 million). The positive effect on containing gaming costs is a result of more favourable terms negotiated with suppliers.

For the reporting period, *advertising and marketing expenses* increased by 31.4% to BGN 18.6 million (Q3 2023: BGN 14.1 million). Marketing spend increased due to the recovery in advertising spend last quarter (Q3 2023 was below normal levels), the increase in affiliate spend and an increase in marketing budgets for expansion of operations in Peru.

*The expenses for payment services* are related to bank charges and the fees of payment operators to receive deposits and pay out client funds and are related to the operating volume. The tariff structure of payment service operators is tiered - the smaller the amount, the higher the fee as a percentage of it. Thus, cost variations also depend on client behaviour - the number of deposits / withdrawals and their average value. The increase is 13.6% in Q3 2024 amounting to BGN 8.9 million (Q3 2023: BGN 7.9 million).

Structure of the operating expenses

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 4*

In BGN'000	9 months 23	9 months 24	Variance	Q3 23	Q3 24	Variance
Cost of materials	228	277	16.5%	71	124	74.6%
Hired services expense	40,089	48,184		14,499	17,035	17.5%
Employee benefits expense	6,770	9,906	19.2%	2,365	3,543	49.8%
Other operating expenses	18,282	20,846		6,097	7,190	17.9%
Depreciation and amortization expense	1,267	1,546	-11.9%	446	540	21.1%
<b>EBITDA</b>	<b>21,015</b>	<b>17,203</b>		<b>6,436</b>	<b>6,020</b>	<b>-6.5%</b>
<b>Net profit for the period</b>	<b>17,878</b>	<b>14,406</b>	5.7%	<b>5,642</b>	<b>4,975</b>	<b>-11.8%</b>

*Expenditure on software services* increased by 10.6% to BGN 2.4 million (Q3 2023: BGN 2.2 million). This item includes platform and product development costs as well as customer relationship management system and customer communication fees, with costs tied into the customer base, which has grown significantly over the last year.

There was a significant increase in *expenditure on communication services* (internet and hosting), 104% to BGN 1.4 million and *technical support*, 119% to BGN 416 thousand, due to the investments made in product development and the addition of new functionalities such as video streaming, which is linked to the increase in traffic generated by the site.

*Other operating expenses* comprise mainly a state fee for maintaining an online gambling operator license in the amount of BGN 18.8 million (Q3 2023: BGN 16.6 million), which is statutorily set at 20% of the difference between bets placed and winnings paid. The remaining costs in this group are additional prizes and material rewards for customers, funding of sporting and other events and entertainment costs. These are related to the promotion of the Palmsbet brand as a socially responsible company and increased by 99.2% year-on-year. This increase is partially offset by reduced prize expenses.

*The employee benefits expense* grew by 46.3% to BGN 9.9 million (Q3 2023: BGN 6.8 million), both due to the increase in the number of employees, and in the average employee remuneration. Also contributing were the additional resources required for the Peru operation.

*The financial income* during the reporting period amounted to BGN 769 thousand. The income is mainly from liquidity management - investment of free funds in money market instruments. During the period, BGN 83 thousand of interest expense from operating lease (rent of office premises) was recorded.

#### Balance sheet position

As at 30 September 2024 the cash and investments in instruments on the monetary market amount to BGN 43.6 million or 64% of assets, which is due to the nature of the Company's activity.

Non-current assets as at 30.09.2024 mainly consist of gaming content rights (BGN 9.2 million) and financial assets (BGN 7 million) and mainly represent the investment in 77 Bits BSC and loans to related companies to finance the entry into new markets.

Interest payables, amounting to BGN 1.2 million as at 30 September 2024, are in relation to the accounting for the office rental agreement in accordance with IFRS 16.

Current liabilities are made up of payables to suppliers and for taxes, which are repaid within a month of accrual, and customer deposits. Current liabilities increase from BGN 17.3 million at the end of 2023 to BGN 17.9 million at 30 September 2024.

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 5*

### Cash flows

The net cash flow from operations for the reporting period amounts to BGN 14.6 million, compared to BGN 18.2 million for Q3 2023 as a result of the decrease in the Company's operating result and an increase in working capital.

The net cash flow from investing activities, excluding cash management operations, was BGN 4.5 million (Q3 2023: BGN 2.8 million). Investments are almost entirely in the expansion of ST Interactive EOOD's product portfolio - the acquisition of gaming content (BGN 1.2 million) and the construction of the online live casino infrastructure (BGN 1.6 million). During the period, fixed assets increased by BGN 685 thousand, state fees for the renewal of gambling licenses.

### **III. DESCRIPTION OF THE MAIN RISKS FACED BY THE COMPANY**

Gambling is a sensitive social and political topic, which results in frequent changes in regulations, the imposing of stricter control, additional taxes and fees, new technical requirements, restrictions. Despite the complex and sensitive nature of the activity, the trend is for movement towards a stable and well-controlled regulatory framework, and more and more countries pass or elaborate their regulations. Respectively, Telematic Interactive Bulgaria AD operates in an environment of complex regulations affecting its activity, which are constantly evolving, often towards stricter requirements, and in some seldom cases certain countries have imposed complete bans on gambling. An additional risk is the fact that online gambling globally is a new sector that has recently developed, and respectively, the legislation is immature, lacking in sufficient precedents, which poses the risk that control over the regulations may be unclear and controversial. In Bulgaria, the regulatory framework is well-developed, since online gambling has been regulated since 2013 and there is experience therein, therefore, the regulatory risk is low. In the future, as the Company enters new markets, this risk may be significantly higher for some of the countries, but operating on multiple market reduces this risk, since adverse regulatory changes simultaneously on several markets is unlikely.

Another action towards reducing regulatory risk is entering the B2B segment, where this risk is limited, due to operation on multiple markets, and the risk is borne by the respective operator rather than by the gaming supplier.

Apart from an activity subject to licensing and the resulting additional requirements to operations, the Company is also subject to other regulations related to personal data protections, measures against money laundering/funding terrorism and anti-corruption. Implementation and compliance with these regulations involve significant human and financial resources and compliance is key to the Company's operations.

#### **License revocation**

The main risk is of license revocation, which would result in discontinuing operations in the respective jurisdiction (at the Prospectus' date – only Bulgaria). The Regulator may invoke the license upon non-payment of taxes, violation of statutory requirements, gross violation of legislation, etc. Telematic Interactive Bulgaria AD has introduced an internal control system that ensures compliance with legal requirements and minimizes this risk.

#### **Non-compliance with technical requirements**

The Bulgarian Regulator, represented by the National Revenue Agency, requires real-time data exchange. Non-compliance with this requirement constitutes grounds for license revocation. Telematic Interactive Bulgaria AD has introduced the necessary systems to ensure continuous connection, and timely signalization in case of problems, as well as procedures for timely reaction.

#### **Taxation and fees**

The taxes paid by Bulgarian entities include corporate tax, local taxes and fees, value added tax, excises, export and import duties. For the Group's financial result, it is important that the current taxation regime be preserved. Currently, corporate tax in Bulgaria is 10%. Apart from tax regulations applicable to principal business activities, Telematic Interactive Bulgaria AD is also subject to specific requirements, such as a monthly license fee of 20% of the difference between the bets placed and the profits paid out. The state taxes and fees form the main portion of expenditure, and respectively, stricter regulations would have a material impact on the financial result. So far no intention has been declared by the respective state bodies to take any actions towards tax increase. The adopted changes to the one-off licence fee at the end of 2023 has the effect of an additional cost of less than BGN 100 thousand per year and does not have a material impact on the financial result. The taxation system in the countries where the Company plans to expand operations is still developing, as a result there is a potential risk of controversial taxation practices and the introduction of new or increase of existing taxes and state.

#### **Personal data protection**

The General Data Protection Regulation has been effective since 2018 and is binding for all organisations that collect and process personal data. Telematic Interactive Bulgaria AD is obliged to identify all of its clients and to store their data. Handling clients' funds and collecting personal data requires very high standards on information security and database protection. Measures have been introduced for the effective protection of the

personal data processed and a possibility for exercising data subjects' rights, and has adopted Internal Rules on Personal Data Protection. There are procedures regulating the methods for complaints, data transferability, transparency in the processing of personal data, managing data subjects' requests, receiving consent, notification in case of security breach, document storage and destruction, as well as a number of other measures to ensure the security of personal data.

Frequent or material changes to the regulatory environment increase the costs for compliance and may impact revenue and profit. The regulations are also related to high sanctions in case of non-compliance, and in certain cases – to license revocation. Telematic Interactive Bulgaria has built a team responsible for developing and updating rules and policies ensuring compliance with regulatory requirements. It is the management's main priority that they be introduced and applied, and each employee undergoes a training related to the respective procedures.

Although this is related to significant compliance costs, there is a material positive effect for the Company. Strict regulations enhance trust in the business on the part of society and clients and restrict unfair competition by the companies applying low standards for client protection and care.

### **Measures against money laundering**

The regulations related to the prevention of money laundering and funding terrorism have been in the focus of European policy over the last few years and are rapidly developing. Gambling has been identified as a segment of high risk and is respectively subject to strict monitoring and regulation. The operators are obliged to identify each client, monitor and report potential high-risk transactions. A problem in the identification and dealing with such cases may expose the Company to a significant risk of sanctions and affect its reputation. A beneficial fact is that since the Company is an online operator, transactions are performed electronically and involve mostly small amounts.

### **Increased restrictions on advertising**

The advertising of games of chance in the mass media is subject to regulations and restrictions. Increased restrictions would limit Telematic Interactive Bulgaria's abilities to position itself and attract new clients through these channels. In order to minimize this risk, Telematic Interactive Bulgaria also develops alternative methods for positioning and attracting clients. On the other hand, restrictions in advertising and the established capacity of regulators, the Electronic Media Board and the NRA to exercise control does not allow unlicensed operators to promote, which restricts unfair competition.

### **Political risk**

This is the risk resulting from political processes in the country – risk of political destabilization, changes in government, in legislation, in the country's economic policy and taxation system. Political risk is directly dependent on the probability for adverse changes in the government's policy; as a result, there is a risk of adverse changes in the business climate.

The reasonable fiscal policy and moderate deficit maintained facilitate the minimization of political risk as a whole and the lack of any declared intentions by political parties to make significant adverse changes to the regulations affecting the Company's operations, suggest that the level of this risk is currently low. Nevertheless, the current political situation does not make it possible to identify predictable majority and respectively – a clear forecast on future policies, due to which significant changes are possible. The negative consequences therefrom may result in delay in reforms due to differences and contradictions between the political parties with respect to major social and economic measures, as well as further increase of public discontent. The possible adverse effects therefrom are usually related to aggravated economic environment and perspectives among the companies operating in the country.

The planned expansion into new markets will on the one hand diversify positioning, due to the insignificant probability of adverse events occurring in several jurisdictions simultaneously, but on the other hand it will expose Telematic Interactive Bulgaria AD to a risk of the policies applied in the respective countries.

### **Macroeconomic risk**

The clients of Telematic Interactive Bulgaria EAD are from all regions in the country and from all economic and social groups of the population. Respectively, the Company's activity is very much dependent on overall economic growth, the general condition of the business environment and particularly on consumer trust,

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 8*



respectively – end consumption. A potential shrinking of income and employment would result in a negative trend in the Company's revenue and profit. The Group plans to diversify this risk by expanding its operations into other countries.

Bulgaria, although with significantly lower levels of domestic fiscal support, has also realised lower GDP declines thanks to high levels of integration with EU countries and recorded some of the highest growth rates. The prevailing forecasts are for this growth to continue in the coming years, helped by the containment of the COVID pandemic and the subsequent normalisation of economic activity. An additional incentive is the plan adopted by the EU to invest an additional EUR 750 billion in member states, which Bulgaria has yet to benefit from. The existence of significant imbalances at the global level pose a macroeconomic risk to the direction and pace of economic development at the global level and therefore to the countries in which the Issuer operates or plans to operate.

### **Inflation risk**

The price risk is related to the overall level of inflation in the country and to the level of competition. The risk of inflation increase results in depreciation of the investments made or the value of savings over time. In view of the country's commitments and willingness to become member of the European Monetary Union (EMU) and the related inflation requirements – measures may be expected on the part of BNB and the government to harness the inflation within the necessary limits (Maastricht Criteria for EMU membership).

Inflation has been contained in recent years, but after 2020 there has been high price variation for certain goods and services, with shortages of some components and commodities leading to a substantial increase in costs and hence, the overall price level. The nature of the business, with virtually all current payments, exposes Telematic Interactive Bulgaria AD to minimal inflation risk. A negative effect would be to maintain current levels for a prolonged period, which would limit households' disposable income. A significant moderating effect of this risk is the linking of costs to revenues - over  $\frac{3}{4}$  of operating costs are linked to revenue and are therefore unaffected by changes in price levels. A significant effect on costs is seen in the direction of wage increases, which is also due to the tight labour market.

According to the NSI data for 2023, annual average inflation is 9.5% compared to 2022, but it is slowing down significantly, with annual inflation for December 2023 compared to December 2022 at 4.7%.

### **Foreign currency risk**

Foreign currency risk is related to Group companies' proceeds and expenditure denominated in foreign currencies. At present, the Company's revenue and expenditure is in BGN, but as it fulfils its plans for expansion, the share of revenue and expenditure denominated in foreign currencies is expected to increase, which would expose the Group companies to a certain foreign currency risk. This risk is mitigated by the fact that expenditure denominated in a foreign currency is calculated as a percentage of revenue, i.e. the risk is mainly on the BGN equivalent of revenue, but this would have a very limited impact on the profit margin. The B2C segment generates revenue in multiple currencies and a potential devaluation of these currencies would result in a decrease in the lev equivalent of this revenue. To the extent that more than 60% of revenue is in EUR and there is no concentration of revenue in any particular other currency, this risk does not have a material impact on consolidated revenue. Also, cash is held in either BGN or EUR and is therefore not exposed to currency risk.

The expansion into new markets will significantly increase transactions in currencies other than BGN and EUR. In the future, changes in exchange rates would result in certain currency risk and may impact the Company's results.

### **Increased competition**

The widespread adoption of digital services and the market growth are attracting the interest of a continuously growing range of new clients. After the rapid development of the sector in the period 2020-2022, when a large number of new operators entered, there are no significant changes in the competitive environment in 2023. So far, this has not affected the dynamics of the business and Telematic Interactive Bulgaria AD has maintained its growth rates, but may have a significant impact in the future. Marketing expenditure in the sector usually has a bigger share in the cost structure and is key to customer attraction and retention. As new competitors enter the market, the relative share of expenditure is expected to increase, which might impact the Group companies' profitability.

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 9*

### **Credit risk/risk of counterpart's default**

This is a risk of Group companies' counterparts defaulting payment obligations. Due to the specifics of the business, clients deposit funds in their accounts in advance, and Telematic Interactive Bulgaria AD has minimum receivables from clients. The credit risk is mainly related to keeping significant own and clients' funds with financial institutions. In order to minimize this risk, Telematic Interactive Bulgaria AD only works with payment operators and banks with proven record and reputation. It has established real-time information exchange systems and execution guarantee systems. In the case of CT Interactive EOOD, the payment obligation arises in the month following the generation of revenue and bears the risk of non-payment in case of financial difficulties of the client. The possibility for restricting use of the games provided in case of non-payment limits potential losses.

### **Market dominance of suppliers**

In certain sectors and markets there are suppliers, for instance, content suppliers and payment operators, which have significant market influence and may impose tariffs exceeding market levels. A unilateral increase of the prices of such suppliers might adversely impact profit.

### **Unfair competition**

Operational on the market are also a significant number of illegal operators, who do not hold licenses and do not pay the taxes and fees for licensing of gaming content. Due to the high taxes and administrative requirements, this grants them an advantage compared to legal operators, in terms of better promotions and higher client discounts.

### **Game errors**

As a supplier of gaming content, the subsidiary CT Interactive EOOD is financially liable if as a result of errors in the games provided the gambling operator or distributor incurs losses (for instance, the game pays out abnormal gains). Each game is subject to detailed check and testing, including by internationally recognized independent labs, as a result of which this risk is kept to a minimum. Usually the compensation due is limited to the revenue generated by CT Interactive EOOD from the counterpart for a certain period, or to a fixed maximum amount. In the future, this risk will be additionally mitigated by concluding an insurance contract.

### **Copyright**

This risk is not directly applicable to Telematic Interactive Bulgaria AD, but is applicable to its subsidiary, CT Interactive EOOD. The distributed games contain audio and visual content, graphic items, trademarks, etc. that may be subject to copyright. The use of such protected content without the necessary permissions might result in financial claims by the parties affected. This risk is low, as far as the use of copyright-protected content is limited and in accordance with statutory requirements.

### **Liquidity risk**

Liquidity risk is the risk of the Group companies not meeting their current payables. Telematic Interactive Bulgaria AD maintains high liquidity levels, and its assets constitute almost entirely cash. Payables are mainly formed by clients' deposits and trade payables to suppliers. The cash maintained exceeds the amount of current payables, which exposes Telematic Interactive Bulgaria AD to minimum liquidity risk.

### **IT security and cyber attacks**

Risk of unauthorized access, interruption, modification, unauthorized use or destruction of databases, overload of the network capacity, service suspension, etc. Such attacks may have an adverse effect on the Company's reputation and result in loss of clients and financial damages. Therefore, Telematic Interactive Bulgaria AD has taken preventive steps, applying strict policies and maintaining the highest standards in the area of security. Telematic Interactive Bulgaria AD is certified (through its subsidiary CT Interactive EOOD) under ISO 27001:2013 issued by TUV Rheinland – a standard on security of information upon trade, creation and distribution of online products. It maintains professional and technical capacity to continuously monitor and respond to attempted compromises of the online infrastructure.

### **Loss of key management or technical staff**

The current management team comprises employees that have grown and developed since the Company was established and have a major contribution for its successful development. The loss of key employees might have an adverse impact on future development. The Company has its own platform (the rights thereon are held by the subsidiary CT Interactive EOOD), on which the entire operations are based. This on the one hand ensures control over the key asset and high flexibility, but the loss of key staff or subcontractors responsible for the platform's maintenance and development might result in aggravated product quality and/or delay of development thereof, which would have a very negative impact on operations. The Company aims to limit this risk by attracting and incentivizing employees with policies and practices that allow their continuous training and development and remuneration based on the results achieved.

### **Risk related to payment processing**

Telematic Interactive Bulgaria AD works with a large number of banks and payment operators and receives and pays significant amounts to clients. The client payment procedures agreed with the payment service providers are a key factor for client satisfaction. The default of payment transfers due to financial or technical issues would adversely impact the Company's reputation and might result in lower client trust and financial losses. Telematic Interactive Bulgaria AD minimizes the risk by working only with well-established operators, performing an in-depth survey, and offering different payment methods from licensed payment operators to ensure effective and secure payment services. The Company follows established procedures for client check and verification, in line with the best verification practices and standards.

### **Business continuity and disaster recovery**

This is the risk of internal and external events that might result in suspension of operations. Telematic Interactive Bulgaria AD has developed and introduced an infrastructure, systems, processes and rules in order to minimize this risk and ensure business continuity. It maintains spare capacity, such as back-up of key system elements, including key services from approved suppliers to ensure the storage and quick recovery of operations in case such events occur.

### **Risk of gaming fraud**

This risk is mainly in the segment of sport betting, where there could be fraud and manipulation, for instance of sports results. Telematic Interactive Bulgaria AD has a strict risk management system that monitors unusual actions and allows for preventive reaction. Slot games, which constitute most of the revenue, do not allow manipulation of bets and gains and the risk of fraud in casino games is insignificant. In this segment, there is a risk management system, too, which monitors and limits the potential adverse effect of fraud. The risk of fraud at an amount that would have a significant adverse impact on the financial results is limited.

### **Risk related to problem gambling**

Betting may result in addiction for some clients. Telematic Interactive Bulgaria AD has introduced a system that strictly follows the adopted guidelines on responsible gaming, informs and allows clients to limit their gaming. This risk might impact the Company's reputation, and a breach of the adopted rules on responsible gaming may result in sanctions by the Regulator. The Company applies an active policy to position itself as an entertainment and responsible gaming provider and makes efforts to support clients at risk.

### **Risk related to Russia's invasion into Ukraine**

Russia's invasion into Ukraine resulted in turbulences in a political, economic, social, and even technological aspect, not only in Europe, but on a global scale. From a political perspective, the conflict resulting in polarization of the geopolitical map, with western countries taking a decisive stand against the Russian state and imposing serious economic sanctions thereon. On the other hand, eastern countries such as China and India refused to take part in the imposing of sanctions and opposing Russia's military action in Ukraine. In an economic aspect, the war resulted in a dramatic drop in economic activities in Ukraine and an "economic embargo" for Russia on the part of Western companies. Food and energy raw materials prices increased significantly, which placed an inflation pressure on the European and global economy. Subsequently, economic and trade relations have largely returned to normal, but the risks of market turmoil remain. A sustained rise in commodity prices would result in falling business and household incomes and rising unemployment.

Currently, Telematic Interactive Bulgaria does not operate in Russia. The Company has a registered subsidiary in Ukraine, which did not commence operations and in 2023 proceeded to liquidation thereof. Given the complicated situation and the growing risks, the management of TIB does not plan future action to commence business operations in Ukraine.

The risks for the Company's operations resulting from the military conflict in Ukraine are resultant from indirect factors. The war may result in economic instability in Europe and the region, which might affect the Bulgarian online gaming market. The acceleration or retaining of inflation due to the sharp rise of raw materials' prices may result in a loss of actual purchasing power, and a decrease in the demand for online casinos and sports betting. As a result, it may be difficult for online gaming operators to generate revenue. The conflict may also result in political pressure in the region, and it might be difficult for Bulgarian online casino and sports betting operators to establish partnerships with companies in the region or to expand their business in this part of the world.

### **Risk related to change in interest rates**

After record inflation levels in 2022, there was a decline in 2023, but inflation remained high. The European Central Bank (ECB) raised the key interest rate to 4% in September 2023. The Currency Board mechanism, under which the Bulgarian lev is pegged to the single European currency, directly transfers ECB monetary policy to the Bulgarian banking system and economy. The increase in interest rates may impact the Company's operations in several directions:

1. Increase in loan costs. When central banks increase interest rates, banks usually increase loan interest rates, which may result in higher loan costs for companies. If the Company relies on loans to finance its operations, the higher loan costs may result in lower profit and restricting of investments. As at 31 December 2024 TIB has no loan payables and the Company is not exposed to the risk of increase in loan costs.
2. Reduced financing abilities. If the Company needs new loans to finance its growth, higher rates might restrict it. If the Company's investors believe that higher loan costs will reduce the Company's profits or will limit its ability to repay its loans, they may be less willing to invest. TIB generates significant cash flows from operations and as at the date of the financial statements has sufficient reserve of disposable cash to use for financing its operations and future investment plans.
3. The risk of change in interest rates may indirectly impact the Company's revenue, since higher interest rates mean more expensive loans for consumers, which may reduce disposable income.
4. TIB holds fixed-income financial instruments. These financial instruments include government securities and a fund for investments in money market instruments. Financial instruments are measured at fair value through profit and loss in the income statement. Since the change in interest rates has a direct impact on their amount, they also impact the final financial result. The link between interest rates and the price of fixed-income instruments is one of reverse proportionality – when interests grow, the prices of fixed-income instruments, all other conditions being equal, decrease. As a result of the increased interest rates, the Company recorded net financial income from investments in money market instruments.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30.09.2024 BGN'000	31.12.2023 BGN'000
Intangible assets	1	11,011	9,216
Property, plant and equipment	2	3,000	1,305
Right-of-use assets		2,241	1,713
Investments accounted for using the equity method		3,473	2,235
Non-current financial assets	5	359	359
Non-current receivables from related parties	15.4	970	655
Deferred tax assets		11	41
<b>Non-current assets</b>		<b>21,065</b>	<b>15,524</b>
Trade receivables and contract assets	3	646	836
Advances paid and other receivables	4	2,502	1,846
Financial assets at fair value	5	19,110	30,160
Income tax receivable		-	112
Inventories		58	57
Current receivables from related parties	15.4	645	706
Cash and cash equivalents	6	24,469	26,742
<b>Current assets</b>		<b>47,430</b>	<b>60,459</b>
<b>Total assets</b>		<b>68,495</b>	<b>75,983</b>
<b>Equity and liabilities</b>			
Share capital	14	12,960	12,960
Treasury shares		(23)	
Reserves		16,627	17,000
Retained earnings		4,387	5,962
Current financial result		14,406	20,951
<b>Equity held by the parent</b>		<b>48,357</b>	<b>54,046</b>
Lease liabilities		1,722	1,358
Deferred tax liabilities		-	30
<b>Non-current liabilities</b>		<b>1,722</b>	<b>1,388</b>
Lease liabilities		510	394
Trade and other payables	7	3,867	5,391
Dividend payable	15.4	5,811	5,184
Payables to personnel		1,491	1,226
Payables to related parties	15.4	511	79
Income tax payable		414	16
Other tax liabilities	8	2,659	2,621
Client deposits		3,153	2,811
<b>Current liabilities</b>		<b>18,416</b>	<b>17,722</b>
<b>Total liabilities</b>		<b>20,138</b>	<b>19,110</b>
<b>Total equity and liabilities</b>		<b>68,495</b>	<b>75,983</b>

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 13*

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

		30.09.2024	30.09.2023
	Note	BGN'000	BGN'000
Revenue from bets and provision of gaming content	9	96,318	86,264
Revenue from sales of assets and services	9	61	115
Other revenue	9	37	5
Cost of materials		(277)	(228)
Hired services expense	10	(48,184)	(40,089)
Depreciation and amortization expense – non-financial assets	1,2	(1,546)	(1,267)
Employee benefits expense	11	(9,906)	(6,770)
Other expenses	12	(20,846)	(18,282)
<b>Profit from operations</b>		<b>15,657</b>	<b>19,748</b>
Finance income	13	769	1,108
Finance costs	13	(226)	(942)
<b>Profit before taxes</b>		<b>16,200</b>	<b>19,914</b>
Income tax expense		(1,794)	(2,036)
<b>Profit for the year</b>		<b>14,406</b>	<b>17,878</b>
Foreign exchange gains/losses on restatement of foreign operations		(20)	-
<b>Other comprehensive income</b>		<b>20</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>14,386</b>	<b>17,878</b>
<b>Profit for the year attributable to:</b>			
Holders of the equity of the parent		<b>14,386</b>	<b>17,878</b>
<b>Total comprehensive income attributable to:</b>			
Holders of the equity of the parent		<b>14,386</b>	<b>17,878</b>
<b>Share income</b>	14	<b>1.11</b>	<b>1.38</b>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30.09.2024 BGN'000	30.09.2023 BGN'000
<b>Operating activities</b>			
Bets placed by clients		438,054	380,026
Profits paid and deposits reimbursed		(345,240)	(297,271)
Proceeds from sales of services to customers		4,112	4,337
Payments to suppliers		(52,005)	(40,074)
Payments to personnel and for social security		(9,224)	(6,766)
VAT paid/recovered, net		271	-
Corporate tax payment		(1,297)	(2,097)
Gambling tax payments		(18,527)	(16,517)
Other cash flows, net		(1,594)	(3,439)
<b>Net cash flow from operations</b>		<b>14,550</b>	<b>18,199</b>
<b>Investing activities</b>			
Acquisition of investments in joint ventures		(1,238)	(29,904)
Matured issue proceeds		11,721	14,466
Loans granted		(467)	(739)
Proceeds from loan repayment		340	-
Purchases of non-current assets		(4,374)	(2,139)
Interest received		16	127
<b>Net cash flow from investing activities</b>		<b>5,998</b>	<b>(18,189)</b>
<b>Financing activities</b>			
Dividend payments		(21,899)	(12,960)
Lease payments		(432)	-
Payments for treasury shares		(377)	-
<b>Net cash flow from financing activities</b>		<b>(22,708)</b>	<b>(12,960)</b>
Foreign currency restatement		(113)	(51)
<b>Net change in cash and cash equivalents</b>		<b>(2,273)</b>	<b>(13,001)</b>
Cash and cash equivalents at the beginning of the year		26,742	44,242
<b>Cash and cash equivalents at the end of the year</b>	6	<b>24,469</b>	<b>31,241</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2024

	Share capital	Issue premia (premium reserve)	Other reserves	Retained earnings/ (Accumulated losses)	Equity
	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	-	-	-	(22,526)	(22,526)
Treasury shares	(23)	(353)	-	-	(376)
<b>Transactions with owners</b>	<b>(23)</b>	<b>(353)</b>	<b>-</b>	<b>(22,526)</b>	<b>(22,902)</b>
Profit for the period	-	-	-	14,406	14,406
Other comprehensive income	-	-	(20)	-	(20)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>14,406</b>	<b>14,386</b>
Other changes	<b>12,937</b>	<b>15,327</b>	<b>1,300</b>	<b>18,793</b>	<b>48,357</b>
<b>Balance at 30 September 2024</b>	<b>12,960</b>	<b>15,680</b>	<b>1,320</b>	<b>26,913</b>	<b>56,873</b>



## Notes to the interim consolidated financial statements

### 1. 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	1,235	977	2,915
Disposals	(70)	-	-	-	(70)
<b>Balance at 30 September 2024</b>	<b>1,005</b>	<b>197</b>	<b>12,750</b>	<b>977</b>	<b>14,929</b>
<b>Amortisation</b>					
Balance at 1 January 2024	(182)	(115)	(2,571)	-	(2,868)
Amortisation charge	(126)	(11)	(983)	-	(1,120)
Amortisation written-off	70	-	-	-	70
<b>Balance at 30 September 2024</b>	<b>(238)</b>	<b>(126)</b>	<b>(3,554)</b>	<b>-</b>	<b>(3,918)</b>
<b>Carrying amount at 30 September 2024</b>	<b>767</b>	<b>71</b>	<b>9,196</b>	<b>977</b>	<b>11,011</b>

	Licenses BGN'000	Software BGN'000	Rights on gaming content BGN'000	Total BGN'000
<b>Gross carrying amount</b>				
Balance at 1 January 2023	390	143	10,327	10,860
Additions	140	36	1,188	1,364
Disposals	(140)	-	-	(140)
<b>Balance at 31 March 2023</b>	<b>390</b>	<b>179</b>	<b>11,515</b>	<b>12,084</b>
<b>Amortisation</b>				
Balance at 1 January 2023	(258)	(106)	(1,430)	(1,794)
Amortisation charge	(64)	(9)	(1,141)	(1,214)
Amortisation written-off	140	-	-	140
<b>Balance at 31 March 2023</b>	<b>(182)</b>	<b>(115)</b>	<b>(2,571)</b>	<b>(2,868)</b>
<b>Carrying amount at 31 March 2023</b>	<b>208</b>	<b>64</b>	<b>8,944</b>	<b>9,216</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.

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

## 2. 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	108	898	30	2,122	3,635
Additions	-	115	2	7	1,607	54	1,544	3,329
Disposals	-	-	-	-	-	-	(970)	(970)
<b>Balance at 30 September 2024</b>	<b>62</b>	<b>470</b>	<b>62</b>	<b>115</b>	<b>2,505</b>	<b>30</b>	<b>2,696</b>	<b>5,994</b>
<b>Depreciation</b>								
Balance at 1 January 2024	(6)	(137)	(24)	(29)	-	(14)	(408)	(618)
Depreciation accrued	(14)	(48)	(8)	(12)	-	(6)	(338)	(426)
Depreciation written-off	-	-	-	-	-	-	291	291
<b>Balance at 30 September 2024</b>	<b>(20)</b>	<b>(185)</b>	<b>(32)</b>	<b>(41)</b>	<b>-</b>	<b>(20)</b>	<b>(455)</b>	<b>(753)</b>
<b>Carrying amount at 30 September 2024</b>	<b>42</b>	<b>285</b>	<b>30</b>	<b>74</b>	<b>2,505</b>	<b>10</b>	<b>2,241</b>	<b>5,241</b>

	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 2023	-	170	50	93	-	30	1,463	1,806
Additions	62	184	10	16	898	-	970	2,140
Disposals	-	-	-	-	-	-	(311)	(311)
<b>Balance at 31 March 2023</b>	<b>62</b>	<b>354</b>	<b>60</b>	<b>109</b>	<b>898</b>	<b>30</b>	<b>2,122</b>	<b>3,635</b>
<b>Depreciation</b>								
Balance at 1 January 2023	-	(79)	(13)	(14)	-	(7)	-	(113)
Depreciation accrued	(6)	(58)	(10)	(14)	-	(7)	(424)	(519)
Depreciation written-off	-	-	-	-	-	-	15	15
<b>Balance at 31 March 2023</b>	<b>(6)</b>	<b>(137)</b>	<b>(23)</b>	<b>(28)</b>	<b>-</b>	<b>(14)</b>	<b>(409)</b>	<b>(617)</b>
<b>Carrying amount at 31 December 2023</b>	<b>56</b>	<b>217</b>	<b>37</b>	<b>81</b>	<b>898</b>	<b>16</b>	<b>1,713</b>	<b>3,018</b>

The Group has not pledged any property, plant and equipment as security for its liabilities.

The Group companies entered into lease agreements for office and other premises, under the terms of which as at 30.09.2024 the Group reports assets with right of use with a carrying amount of BGN 2,696 thousand. Assets with right of use also include office and other premises.

### 3 . Trade receivables and contract assets

	30.09.2024 BGN'000	31.12.2023 BGN'000
Contract assets with related parties	5	3
Contract assets with other customers	373	561
Trade receivables	268	272
<b>Total</b>	<b>646</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.

### 4. Advances paid and other receivables

	30.09.2024 BGN'000	31.12.2023 BGN'000
Prepayments	1,123	509
Advances	443	419
Taxes refundable	194	-
Other	742	918
<b>Total</b>	<b>2,502</b>	<b>1,846</b>

### 5. Financial assets at fair value

	30.09.2024 BGN'000	31.12.2023 BGN'000
<b>Debt instruments at fair value through profit or loss</b>		
Sovereign securities	5,144	16,576
Money market fund	13,966	13,584
<b>Current financial assets</b>	<b>19,110</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>19,469</b>	<b>30,519</b>

### 6. Cash and cash equivalents

	30.09.2024 BGN'000	31.12.2023 BGN'000
Cash in hand	1,842	1,680
Cash in banks	1,624	5,124
Cash in payment operators	20,445	19,818
Cash equivalents	558	120
<b>Cash and cash equivalents</b>	<b>24,469</b>	<b>26,742</b>

### 7. Trade and other payables

	30.09.2024 BGN'000	31.12.2023 BGN'000
Trade payables	3,718	5,348
Other payables	149	43
	<b>3,867</b>	<b>5,391</b>

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 19*

## 8. Other tax liabilities

	30.09.2024 BGN'000	31.12.2023 BGN'000
State fee under Article 38 of the Gambling Act	2,282	2,077
VAT to be paid	120	261
Withholding tax on income of individuals	169	146
Withholding tax	88	137
	<b>2,659</b>	<b>2,621</b>

## 9. Revenue

	30.09.2024 BGN'000	30.09.2023 BGN'000
Revenue from bets	92,386	82,205
Revenue from online content provision	3,932	4,059
Revenue from sale of other services	61	115
<b>Revenue from contracts with customers within the scope of IFRS 15</b>	<b>96,379</b>	<b>86,379</b>
Other revenue	37	5
<b>Revenue outside the scope of IFRS 15</b>	<b>37</b>	<b>5</b>
<b>Total revenue</b>	<b>96,416</b>	<b>86,384</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:

	30.09.2024 BGN'000	30.09.2023 BGN'000
<b>Revenue by types of activities:</b>		
Casino games	85,631	76,940
Sports bets	6,755	5,265
	<b>92,386</b>	<b>82,205</b>

## 10. Hired services expense

	30.09.2024 BGN'000	30.09.2023 BGN'000
Advertisement	18,573	14,138
Gaming content fees	14,892	13,742
Payment services	8,944	7,875
Software services	2,405	2,174
Consulting fees	689	779
Technical maintenance	416	190
Communications and utilities	1,375	675
Accounting and legal services	623	198
Rentals	109	104
Other	158	214
	<b>48,184</b>	<b>40,089</b>

## 11. Payables to personnel

	30.09.2024 BGN'000	30.09.2023 BGN'000
Current remuneration	8,737	6,015
Social security payables	1,169	755
<b>Employee benefit expense</b>	<b>9,906</b>	<b>6,770</b>

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 20*

## 12. Other expenses

	30.09.2024	30.09.2023
	BGN'000	BGN'000
Fees under the Gambling Act	18,812	16,632
Withholding tax expense	350	349
Additional in-kind and cash bonuses and awards	228	382
Other expenses	1,456	919
	<b>20,846</b>	<b>18,282</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.

## 13. Finance income and costs

	30.09.2024	30.09.2023
	BGN'000	BGN'000
Interest income	74	131
Gains on financial statement	654	766
Foreign exchange gains	41	211
<b>Finance income</b>	<b>769</b>	<b>1,108</b>
Interest costs	83	79
Losses on foreign exchange restatement	137	113
Losses on financial instruments	-	715
Other finance costs	6	35
<b>Finance costs</b>	<b>226</b>	<b>942</b>

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

As at 30 September 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.

As of 30.09.2024, in accordance with the resolution of the AGM of 11.03.2024, the Parent Company has repurchased 22,690 treasury shares representing 0.175% of all voting shares issued by Telematic Interactive Bulgaria AD.

The repurchased shares are presented 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 September the Group is majority owned by Eldorado Corporation S.A., whose ultimate owners are Milo Stratiev Borisov and Rosina Stratieva Borisova.

### Earnings per share

As at 30 September 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:

	30.09.2024	30.09.2023
Distributable profit (in BGN)	14,406,258	17,878,178
Weighted average number of shares	12,953,090	12,960,018
<b>Basic earnings per share (in BGN per share)</b>	<b>1.11</b>	<b>1.38</b>

*This is a translation from Bulgarian of the interim consolidated management report and financial statements of Telematic Interactive AD for Q3 2024. 21*

As of 30 September 2024 the General Meeting of Shareholders made a decision to distribute cash dividend in the amount of BGN 5,811,405.

## 15. Related party transactions

### 15.1 Transactions with owners

	30.09.2024 BGN'000	30.09.2023 BGN'000
Purchase of services	53	53
Dividend distribution	22,526	12,960
Dividend payment	21,889	12,960
Loans granted	-	428
Loan repayment	340	-
Interest accrued	12	3

### 15.2. Transactions with joint ventures

	30.09.2024 BGN'000	30.09.2023 BGN'000
Additional cash contributions	1,238	-

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

	30.09.2024 BGN'000	30.09.2023 BGN'000
Purchase of non-current assets	1,486	960
Purchase of services and goods	1,522	971
Goods and services supplied	50	71
Loans granted	467	329
Interest accrual	37	10

### 15.4. Transactions with key management personnel

	30.09.2024 BGN'000	30.09.2023 BGN'000
Current remuneration:		
Salaries, incl.:	548	440
<i>bonuses</i>	143	188
Social security contributions	13	8
<b>Total remuneration</b>	<b>561</b>	<b>448</b>

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

	30.09.2024	31.12.2023
	BGN'000	BGN'000
<b>Non-current receivables from:</b>		
- other related parties under common control	970	655
<b>Total non-current receivables from related parties</b>	<b>970</b>	<b>655</b>
<b>Current receivables from:</b>		
- owners	95	437
- other related parties under common control	550	269
<b>Total current receivables from related parties</b>	<b>645</b>	<b>706</b>
<b>Total receivables from related parties</b>	<b>1,615</b>	<b>1,361</b>
<b>Current payables:</b>		
- owners, incl. dividend payables	5,811	5,184
- other related parties under common control for supplies	511	79
<b>Total current payables to related parties</b>	<b>6,322</b>	<b>5,263</b>
<b>Total payables to related parties</b>	<b>6,322</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. Events after the end of the reporting period

As of the date of approval of these financial statements, the dividends distributed in the amount of BGN 5,811 thousand pursuant to the resolution of the General Meeting of Shareholders of 13 September 2024 have been fully paid.

The parent company Telematik Interactive Bulgaria AD has announced convening of an extraordinary General Meeting of Shareholders on 06.12.2024 to adopt a resolution on dividend distribution and other matters.

### 17. Approval of the separate financial statements

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

## **INFORMATION pursuant to Appendix No 4 to Ordinance 2 of the Financial Supervision Commission**

### **1. Changes to the persons exercising control over the Company**

In the period there has been no changes to the persons exercising control over Telematic Interactive Bulgaria AD.

### **2. Opening insolvency proceedings for the Company or a subsidiary thereof and all material stages related to the insolvency proceedings**

No such proceedings have been initiated.

### **3. Conclusion or execution of material transactions. Decision on conclusion, termination, or cancellation of a joint venture contract**

There have been no such transactions.

### **4. Change in the Company's auditors and reasons for change**

There has been no change in the Company's auditors in the period.

### **5. Initiation or termination of court or arbitration proceedings referring to the Company's payables or receivables, or to payables and receivables of a subsidiary thereof, where the claim amount is at least 10% of the Company's equity**

There have been no court or other proceedings at a significant amount.

### **6. Purchase, sale or pledge on interest in business entities by the issuer or a subsidiary thereof**

In February 2024, TIB increased the capital of TIB Consult S.A.C., Peru by PEN 4 000 000 (BGN 1,884 thousand). After the capital increase, the shareholding of Telematic Interactive Bulgaria AD remains at 99.99% of the capital.

On 14.03.2024, TIB AD increased the capital of its joint venture 77 BITS BSC DOO, Republic of North Macedonia by EUR 1,140,000 (local currency equivalent), retaining a 50% stake in the company. In February 2024, an additional cash capital contribution of EUR 632,500 was made to the same company.

On 09.01.2024, 77 BITS BSC DOO registered a joint venture with State Lottery-77 Bits DOO where it holds 49% of the capital. Thus, TIB has acquired an indirect interest in one of the operators of games of fortune holding a license to operate.

On 17.07.2024 TIB AD increased the capital of its subsidiary Palmsbet Curacao B.V. by EUR 50 000, in which it holds 100% of the capital.

On 20.09.2024 the capital of ST Interactive was increased by BGN 2.25 million. After the capital increase, the shareholding of Telematic Interactive Bulgaria AD continues to be 100% of the capital.

### **7. Other circumstances that the Company believes might be important to investors in their decision to acquire, sell, or continue to hold publicly offered securities**

There are no circumstances other than disclosed in this report.

Chair of the Board of Directors

.....

Desislava Panova