

*Translation from the Bulgarian*

# **QUARTERLY REPORT ON THE ACTIVITY**

**as at 31 December 2025**

**CONSOLIDATED**

## **I. GENERAL INFORMATION ABOUT THE COMPANY**

### **Business Profile**

Telematic Interactive Bulgaria AD (LEI: 254900MAXRCO8KWAYC84) was established on 30.06.2021 as a result of the transformation of Telematic Interactive Bulgaria EOOD.

The Company is entered in the register of public companies and other issuers of securities, maintained by the Financial Supervision Commission. The shares are listed for trading on the Bulgarian Stock Exchange (BSE) on 22 March 2022, stock code TIB.

**Telematic Interactive Bulgaria AD publishes the information under Art. 7 of Regulation (EU) No 596/2014 of:**

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## II. MAIN DEVELOPMENTS DURING THE REPORTING PERIOD

In 2025, the online gambling sector attained substantial operational maturity characterized by sustained high-growth trajectories. This market expansion directly contributed to TIB AD's revenue performance throughout the fiscal period, demonstrating efficacy in customer retention strategies while facilitating controlled customer acquisition growth, albeit at a lower rate. Within this competitive landscape, TIB AD reports positive developmental milestones, with sports betting operations constituting the predominant growth vector. This positive momentum has been substantiated by the successful migration to an enhanced sports betting platform infrastructure and the improvements made to the product. Strategic emphasis on continuous product enhancement and service quality assurance has enabled the organization to consolidate and extend its market positions. Casino gaming operations continue to function as the primary revenue driver, while an additional focus during the year was the development of the sports betting segment.

In the casino games sector, work continued on improving the product, adding new providers with attractive and unique games. TIB AD also made a number of improvements to the website [www.palmsbet.com](http://www.palmsbet.com) in terms of functionality, design and content. The platform continues to evolve with the development of new functionalities and attractive offers that improve the experience and stimulate brand loyalty. Investments were made in the development of the mobile application, which improved the convenience for users via mobile phones and tablets.

In 2024, new regulatory rules came into force in Peru, requiring operators operating in the country to obtain the necessary licenses for their activities, which was a major focus in this market during the year. With the receipt of the licenses, the focus on expanding market positions has intensified since the beginning of the year. This included a capital increase in several tranches of TIB Consult S.A.C., Peru, totaling BGN 3.4 million. Increased investments in marketing and development were reflected in the acceleration of growth rates, which was more pronounced in the second half of 2025. After the capital increase, Telematic Interactive Bulgaria AD continues to hold 99.99% of the capital.

Palmsbet Curacao's activities were also related to operations in Peru, which received a separate license, and therefore did not conduct any activities during the reporting period. As of 31.12.2024 Palmsbet Curacao holds a current gambling license issued by the Curacao Gambling Commission, which allows it to be used for future business projects in Latin America.

In September 2025, TIB AD acquired 60% of the capital of Telematic Sport AD and Miland Games OOD for EUR 3 million and BGN 800 thousand, respectively. The acquired companies develop gaming content and a sports betting platform. The acquisition expanded and enriched the portfolio of TIB AD's own products and the capacity to develop new products. In the last quarter of 2025, TIB AD additionally financed the activities of Telematic Sport AD with a loan of EUR 219,826.00 for the development of the product range.

The gaming content segment is highly competitive, and TIB Group continued to invest in content and capacity, successfully maintaining accelerated growth rates. The capital of CT Interactive EOOD was increased by BGN 1.6 million in connection with the development of the new product - online live games and the financing of campaigns for the promotion of gaming content. By a decision of 24.06.2025 of the Board of Directors (BoD) of Telematic Interactive Bulgaria AD, on 07.07.2025, the capital of the subsidiary CT Interactive EOOD was increased by BGN 600,000.00 to BGN 14,260,000.00.

TIB AD concluded a loan agreement with CT Interactive EOOD, under which it provided its subsidiary with a loan in the amount of BGN 1,100,000.00. The term of the agreement is 31.05.2025, and the interest rate is fixed at 5% per annum. In February 2025, CT Interactive EOOD provided a loan to R.S. Consult AD in the amount of BGN 1,100,000.00 at a 5% annual interest rate and a term of the agreement - 31.05.2025.

Ongoing capital investments in the development and expansion of Kenya operations have maintained strong

revenue growth trajectories, although the operation is not yet generating a positive financial result. On 12.03.2025 TIB AD concluded a loan agreement with South Cape Investments Ltd, Kenya in the amount of USD 300 thousand and a term of 5 years. The loan will be disbursed in installments.

On 27.03.2025 and 02.04.2025, TIB AD entered into agreements with M.B.S. TRADE AD valued at BGN 5.2 million. These agreements, effective through year-end, covered advertising services including LED system displays on football match playing fields and full advertising and agency support. Subsequently, on 18.06.2025, the parties executed a supplementary agreement that increased the contract value by BGN 240,000.

On 28.02.2025, after the sale of 52,305 shares by Eldorado Corporation AD, its direct participation in TIB AD decreased from 90.40% to 89.99%. After several subsequent sales of shares, as of 31.12.2025, Eldorado Corporation AD owns 89.69% of the capital of TIB AD.

## Operational results

### Income

Realized revenues from core business in 2025 amounted to BGN 138.6 million (2024: BGN 133.8 million), which represents an increase of 3.6%. Revenues are formed entirely from the core business – online betting. The low growth is due to the focus on customer base management and cost optimization, which also affected the realized revenues. The retention of revenues from casino games was compensated by the good results in sports betting and gaming content.

Revenues are generated from three main activities – casino games (slot games, streaming of live casino games, etc.), sports betting (sports results, sports events) and gaming content. Telematic Interactive Bulgaria AD has strong positions and competitive advantages in slot games, where revenues are maintained in 2025 and form the main part of the revenue – 85.4% of the revenue. Realized revenues for the period amounted to BGN 118.3 million (2024: BGN 117.6 million), an increase of 0.6% on an annual basis, with improved growth in Bulgaria and Peru reported at the end of the year. In a highly competitive environment, the Company continues to successfully attract new customers, while successfully retaining existing ones with a wide portfolio of games, good service and active communication with customers.

### Structure of operating income

In thousands of BGN	2024	2025	Change	Q4 24	Q4 25	Change
Casino games	117,590	118,288	0.6%	31,959	32,922	3.0%
<i>% of revenue</i>	87.9%	85.4%		85.5%	85.4%	
Sports betting	10,583	13,581	28.3%	3,828	3,921	2.4%
<i>% of revenue</i>	7.9%	9.8%		10.2%	10.2%	
Game content	5,492	6,501	18.4%	1,560	1,613	3.4%
<i>% of revenue</i>	4.1%	4.7%		4.2%	4.2%	
Other income	144	204	41.7%	46	91	97.8%
<i>% of revenue</i>	0.1%	0.1%		0.1%	0.2%	
<b>Total revenue</b>	<b>133,809</b>	<b>138,574</b>	<b>3.6%</b>	<b>37,393</b>	<b>38,547</b>	<b>3.1%</b>

The share of sports betting revenues forms 10% of total operating revenues, achieving a growth of 28.3% on an annual basis to the amount of BGN 13.6 million (2024: BGN 10.6 million), as a result of maintaining the increased levels from the previous year, with the successful development of the new sports betting platform.

The new platform has significantly better features and functionalities, which allows the Company to improve the quality and opportunities for customers and to strengthen the dynamics of performance. The improvement of the product allowed the Company to permanently improve its performance in the segment, as in the last half of the year, sports betting provided a significant portion of the year-on-year revenue increase. Sports revenues typically experience significant volatility on a monthly basis due to their dependence on single events, which normalizes as the period expands.

TIB AD invests in the development of capacity for distribution of gaming content and in the expansion of the product portfolio, which maintains high growth rates in the segment with an 18.4% increase in realized revenues since the beginning of the year to BGN 6.5 million (2024: BGN 5.5 million). The acquisition of Telematic Sport AD and Miland Games OOD, which are developing a platform for sports betting and gaming content, is expected to contribute to the expansion and development of the product portfolio and to support the development of the segment.

The increase in revenue on an annual basis is mainly due to the increase in the average revenue per customer, as the number of average monthly active customers slightly increases. The dynamics of active customers shifted in Q4 2025, primarily due to the impact of promotional and bonus campaigns. While these initiatives successfully increased the active customer base in the short term, they resulted in a corresponding decline in average revenue per customer. Active customers reach 96.5 thousand on average per month in 2025, a growth of 0.2% on an annual basis. The average revenue per customer adds 2.1% on an annual basis since the beginning of the year, positively influenced by the improved structuring of bonus campaigns.

In 2025, the churn rate is 6%, with the level remaining stable throughout the year. The focus on customer service is maintained (significant investments are made in capacity and training of employees in the customer service center) and the use of a highly functional CRM system (customer relationship management system) - an individual approach is applied when targeting the customer base. This allows us to build and retain a loyal customer base, which is extremely important for the effectiveness of the activity in a competitive environment and rising costs of attracting new customers. In combination with the active introduction of new functionalities, products and offers, the churn rate was maintained at a low level in the last quarter.

The conversion rate remains high, with an average monthly rate of 60% in 2025. A significant positive contribution to this is new strategies for combining marketing and campaigns, which significantly increased the number of new registrations after mid-2024. At the same time, significant investments have led to a comprehensive improvement of the product in all aspects - interface, user experience, functionalities and software optimizations.

*Customer base related metrics*

*Average-monthly data*

In thousands of BGN	2024	2025	Change	Q4 24	Q4 25	Change
Active customers, in thousands	96,334	96,499	0.2%	101,108	91,334	-9.7%
Average revenue per customer	111	113	2.1%	118	133	12.7%
Conversion %*	75%	60%	-20.9%	79%	52%	-34.2%
Churn rate**	12%	6%	-52.6%	3%	6%	104.7%

\* Ratio between new accounts (players who have placed a bet for the first time) and new registrations (website registration), average-monthly.

\*\* Ratio of players who stop using the products to the number of active players during the month.

As a result of this policy, the share of customers who have dropped out is significantly below the industry average. The good levels of this indicator are due to the reactivation of passive customers, thanks to timely actions by the Company. At the same time, the retention of active customers for a long time is the result of the actions taken to continuously improve the offered product and satisfy customer needs for diverse content and service and attractive promotional programs.

### Operating expenses

The largest share of the expenses reported by the Company is occupied by the expenses for game providers, advertising, payment services and tax under the Gambling Act, which form nearly 9/10 of the total expenses.

Telematic Interactive Bulgaria AD integrates *third-party games* into its portfolio through agreements structured on a revenue-sharing basis (% of the revenue that the respective games of the provider have generated). Despite the increase in revenue, expenses for game providers decreased by 8.9% to BGN 18.5 million (2024: BGN 20.3 million) as a result of the increase in the share of own content and optimization of promotional conditions.

*Advertising and marketing costs* for the reporting period increased by 17.7% to BGN 30.2 million (2024: BGN 25.7 million). Marketing expenses are negatively affected by increased competition and price increases in some marketing channels, as well as increased marketing in Peru. There is a positive effect from the decrease in affiliate expenses, following the limitation of digital advertising.

*Payment service costs* are related to the fees of banks and payment operators for accepting deposits and paying out funds to customers and are tied to the volume of activity. The tariff structure of payment service operators is tiered - the smaller the amount, the higher the fee as a percentage of it. Thus, the costs of payment services also depend on the behavior of customers - the number of deposits/withdrawals and their average value. The trend to reduce the cost of fees is reflected in a decrease by 4.2% in 2025 to BGN 11.6 million (2024: BGN 12.1 million) as a result of optimizing the conditions that reduce the amount of deposits and withdrawals while maintaining revenues.

*The cost of software services* increased by 3% and reached BGN 3.6 million (2024: BGN 3.5 million). This item includes fees for a customer relationship management system and communication with them, with costs being tied to the size of the customer base. The increase is due to more active communication with customers.

*The cost of communication services*(internet and hosting) increased by 19.7% to BGN 2.2 million and are related to increased traffic related to the operation of the live casino and the use of streaming services. The higher costs for *technical support*, 44.3% to BGN 1 million, related to the development of new software functionalities and an investment made in the development of the mobile application.

### Operating cost structure

In thousands of BGN	2024	2025	Change	Q4 24	Q4 25	Change
Material costs	531	659	24.1%	254	211	-16.9%
External service costs	66,442	68,968	3.8%	18,258	19,597	7.3%
Personnel costs	14,526	19,338	33.1%	4,620	5,181	12.1%
Other operating expenses	29,929	31,565	5.5%	9,083	10,064	10.8%
Depreciation expenses	2,066	3,319	60.6%	520	793	52.5%
<b>EBIT</b>	<b>22,381</b>	<b>18,044</b>	<b>-19.4%</b>	<b>5,178</b>	<b>3,494</b>	<b>-32.5%</b>
<b>Net profit</b>	<b>18,578</b>	<b>12,882</b>	<b>-30.7%</b>	<b>4,172</b>	<b>2,301</b>	<b>-44.8%</b>

*Other operating expenses* consist of a state fee for maintaining a license for an online gambling operator in the amount of BGN 26.7 million (2024: BGN 26.1 million), which is a legally determined percentage of the difference between bets placed and winnings paid out. This group also includes additional non-cash and material rewards for customers, which are reduced by 25.6% to BGN 706 thousand as a result of limiting an advertising campaign with extraordinary additional prizes. As part of the effort to establish the Palmsbet brand as a socially responsible company, sports and cultural events are financed, which together with extraordinary expenses increase by 6.6% compared to the previous year – BGN 2.5 million (2024: BGN 2.3 million). The growth of *Other operating expenses* is due to the accrued impairment of investments and receivables in the amount of BGN 1.94 million, of which BGN 1.3 million impairment of the investment in 77 BITS BSC LLC, Macedonia.

*Remuneration expenses* increase by 33% to BGN 19.3 million (2024: BGN 14.5 million) due to both an increase in the number of employees and employee remuneration. The increase in employees is mainly related to the launch of the live game studio in the last quarter of 2024, with remuneration growth in Q4 2025 normalizing to 12%.

Net profit for the period amounted to BGN 13.1 million (2024: BGN 18.7 million) or a decrease of 30.7% on an annual basis, due to the increase in marketing and remuneration expenses, including those related to investments in the development of the business in Peru, as well as the accrued impairments in the amount of BGN 1.9 million. The profitability of net profit also decreases to 9.3% (2024: 13.9% BGN million).

#### *Balance sheet position*

As of 31.12.2025, cash and investments in money market instruments amounted to BGN 26 million or 36.4% of assets, which is determined by the nature of the Company's activities. The intangible assets, including goodwill, of the Company as of 31.12.2025 amounted to BGN 26.9 million and increased by BGN 14.6 million since the beginning of the year. The increase is due to the acquisition of Telematic Sport AD and Miland Games OOD and investments in gaming content and platform development. The Company's non-current financial assets as of 31.12.2025 amounted to BGN 3.8 million and represent the investment in 77 BITS BSC LLC, through equity and loans to finance the development of the activities of South Cape Inv. Ltd., Kenya. The remaining fixed assets are the lease agreement and the license fees.

Interest liabilities amounting to BGN 1.9 million as of 31.12.2025 in connection with the reporting of the office space lease agreement according to IFRS 16. Current liabilities amount to BGN 22.2 million as of 31.12.2025, including BGN 3.2 million distributed dividend and BGN 4.3 million obligation to acquire investments. The remaining liabilities are to suppliers and for taxes, which are repaid within a month of their accrual and from deposited funds of customers.

#### *Cash flows*

The net cash flow from operating activities for the reporting period amounted to BGN 17.4 million, compared to BGN 21.7 million for 2024 as a result of the decline in the Company's operating result and an increase in working capital.

The net cash flow from investing activities, excluding cash management operations, is BGN -9 million. The investments are directed almost entirely to the subsidiaries, the acquisition of Telematic Sport AD and Miland Games OOD and borrowed funds to finance the operation in Kenya.

## Corporate events

**On 24.03.2025**, an extraordinary general meeting of shareholders of TIB AD was held, at which a decision was made to distribute a dividend in the amount of BGN 4,522,609.35 or BGN 0.35 per share.

**On 12.06.2025**, a regular general meeting of shareholders of TIB AD was held, at which a decision was made to distribute a dividend in the amount of BGN 4,486,251.70 or BGN 0.35 per share. A decision was made to dismiss Lachezar Tsvetkov Petrov as a member of the Board of Directors and a new member was elected - Angel Andonov Irobozov.

**On 25.09.2025**, an extraordinary general meeting of shareholders of TIB AD was held, at which a decision was made to distribute a dividend in the amount of BGN 3,585,044.96 or BGN 0.28 per share. A decision was made to update the contract of TIB AD with the subsidiary CT Interactive EOOD with a term until 01.12.2032 and a differentiated amount from 2.5 to 3.5% of the result generated by the platform, defined as the difference between bets placed and winnings paid out.

**On 16.12.2025**, an extraordinary general meeting of shareholders of TIB AD was held, at which a decision was made to distribute a dividend in the amount of BGN 3,199,466.50 or BGN 0.25 per share. A decision was made to conclude a contract between TIB AD and the related company MBS Trade AD for agency and advertising in 2026 in a total amount of BGN 2.5 million including VAT.

## III. PRIMARY RISKS AND CHALLENGES

Gambling is a sensitive social and political topic, which predetermines more frequent changes in regulations, introduction of stricter control, additional taxes and fees, new technical requirements, restrictions. Despite the complex and sensitive nature of the activity, the trend is to move towards a stable and well-controlled regulatory framework, with more and more countries adopting or improving their regulations. Accordingly, Telematic Interactive Bulgaria AD and the companies in the Group operate in an environment of complex regulations affecting its activities, which are constantly evolving, often in the direction of increasing requirements, and in rare cases, countries have banned gambling activities entirely. An additional risk is that online betting on a global scale is a relatively new sector, developing recently, respectively, the legislation is incomplete without sufficiently established precedents, which poses a risk that control over the implementation of regulations is unclear and contradictory. In Bulgaria, the regulatory framework is well developed, as online gambling has been regulated since 2013 and experience has been gained in its implementation and the regulatory risk is low. In the future, with the entry of new markets, this risk may be significantly higher for some of the countries, but operating in more markets reduces this risk, since the occurrence of adverse regulatory changes in several markets simultaneously is unlikely.

Entering the B2B segment, where this risk is limited given the operation in a very large number of markets, also serves to reduce regulatory risk, and the risk is borne by the relevant operator, not by the game provider.

In addition to being a licensed activity and the associated additional requirements for the activity, the group is also subject to other regulations related to the protection of personal data, measures against money laundering/terrorism financing and anti-corruption. The implementation and compliance with these regulations involve significant human and financial resources and their compliance is of key importance for the Company's operations.

## **Revocation of a license to carry out an activity**

The Company faces material risk through potential license revocation, which would necessitate cessation of activities in the affected jurisdiction. The regulator has the opportunity to revoke the license in case of non-payment of taxes, violation of regulatory requirements, gross violations of legal requirements, etc. Telematic Interactive Bulgaria AD has implemented an internal control system that ensures compliance with legal requirements and minimizes this risk.

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

The regulator in Bulgaria, represented by the National Revenue Agency, requires that real-time data exchange be ensured. Failure to comply with this requirement is grounds for revoking the license to carry out activities. Telematic Interactive Bulgaria AD has implemented the necessary systems to ensure continuous connection, as well as for timely signaling in case of problems and procedures for timely response.

## **Taxation and fees**

Taxes paid by companies in Bulgaria include corporate tax, local taxes and fees, value added tax, withholding tax, license fees. Important for the financial result of the group is the preservation of the current tax regime. Currently, the corporate tax in Bulgaria is 10%. In addition to tax regulations relating to ordinary commercial activity, Telematic Interactive Bulgaria AD is also subject to specific requirements such as a monthly license fee of 20% on the difference between the value of bets received and winnings paid out. Taxation on realized revenues, bets placed and realized winnings from customers is also applied in Kenya, and from 2024 in Peru. Taxes and fees determined by the state form the main share of expenses and, accordingly, aggravating these regulations would have a significant effect on the financial results of the Company. At the moment, there are no announced intentions by the relevant state authorities to undertake changes in this direction. The adopted changes in the one-time license fee at the end of 2023 have the effect of an additional expense of less than BGN 100 thousand per year and do not have a significant impact on the financial result. The taxation system in the countries where the expansion of the activity is planned is still developing, as a result which may lead to the emergence of contradictory tax practices and the introduction of new or increased existing taxes and state fees.

## **Personal data protection**

The General Data Protection Regulation came into force in 2018 and is mandatory for all organizations that collect and process personal data. Telematic Interactive Bulgaria AD shall identify all its customers and store their data. Handling customer funds and collecting personal data requires extremely high standards of information security and database protection. The Group has implemented measures for effective protection of processed personal data and the ability to exercise the rights of data subjects provided for in the General Data Protection Regulation, and Internal Rules for the Protection of Personal Data have been adopted. There are procedures for communication methods in the event of a complaint, for data portability, for transparency in the processing of personal data, for managing requests from subjects, for obtaining consent, for notification of security breaches, for storage and destruction of documents, as well as a number of other technical measures to ensure the security of personal data.

Frequent or significant changes in the regulatory environment increase the costs of compliance and can affect the realized revenues and profits. The regulations are also associated with high sanctions for non-compliance, and in certain cases, up to the revocation of the license to carry out activities. Telematic Interactive Bulgaria

AD has built a team responsible for the development and updating of rules and policies, ensuring compliance with regulatory requirements. Their implementation and implementation is a top priority of the management, with each employee undergoing training in the relevant procedures.

Although associated with significant costs of compliance with regulatory requirements, there is a significant positive effect for the issuer. Strict regulations increase trust in business from the public and customers and limit unfair competition from companies applying low standards of customer protection and care.

### **Anti-money laundering measures**

Regulations related to the prevention of money laundering and terrorist financing have been a focus of policy at the European level in recent years and are developing rapidly. Gambling has been identified as a high-risk segment and is therefore subject to strict monitoring and regulation. Operators shall identify each customer and monitor and report potential risky transactions. Failure to identify and deal with such cases can expose the Company to a significant risk of sanctions and affect its reputation. The positive aspect lies in the fact that, as an online operator, transactions are executed through electronic means and generally consist of small-value sums. The regulations introduced, which require regular reporting of significant transactions to authorized government agencies, ensure transparency and minimize the operator's liability.

### **Strengthening advertising restrictions**

Advertising of gambling games in the mass media is subject to regulations and restrictions. The strengthening of the restrictions will limit the ability of Telematic Interactive Bulgaria AD and the companies in the Group to position themselves and attract new customers through these channels. To minimize this risk, Telematic Interactive Bulgaria AD is also developing alternative methods for positioning and attracting customers. On the other hand, the restrictions on advertising and the capacity built by regulators to monitor advertising content do not allow unlicensed operators to promote themselves, which limits unfair competition. The restrictions on advertising of gambling games that came into force in 2024 did not negatively affect the Company's activities, and in some respects had a positive effect.

### **Political risk**

This is the risk arising from political processes in the country - the risk of political destabilization, changes in governance, legislation, economic policy and the tax system. Political risk is directly related to the probability of adverse changes in government policy; as a result, there is a risk of negative changes in the business climate. The maintained reasonable fiscal discipline and moderate deficit help to minimize the political risk in general and the lack of declared intentions by political parties for significant negative changes in the regulations concerning the Company's activities suggest a low level of risk at the moment. However, the political situation at the moment does not allow to identify a predictable majority and, accordingly, a clear forecast for future policies, therefore significant changes are possible. The negative consequences associated with this may be expressed in a delay in reforms due to differences and contradictions between political forces regarding important social and economic measures, as well as a further increase in public dissatisfaction. The possible negative effects of this are usually associated with a deterioration in the economic environment and the prospects for companies operating in the country.

The planned expansion into new markets will, on the one hand, diversify the positioning due to the insignificant probability of negative events occurring simultaneously in several jurisdictions, on the other hand, it will expose Telematic Interactive Bulgaria AD and the companies in the group to risk from the policies applied in

the respective countries.

### **Macroeconomic risk**

The TIB Group's clientele is geographically diverse, spanning all regions of the specific jurisdictions, and encompasses all economic and socio-demographic strata of the population. Accordingly, the Company's activities strongly depend on the overall growth of the economy, the general state of the business environment and especially on consumer confidence, respectively, final consumption. A possible contraction in income levels and the level of employment will also lead to a negative trend in revenues and profits.

The current general macroeconomic situation, with high employment levels in developed countries and rapid income growth, especially in Bulgaria, provides positive prospects for the Company's development. At the same time, the accumulated imbalances in terms of debt and money supply and the tense political situation are a prerequisite for significant risks and uncertainties regarding economic development are very high.

### **Inflation risk**

Price risk is related to the general level of inflation in the country and the level of competition. The increase in inflation affects the purchasing power and the value of savings over time. Given the country's commitments and desire to become a member of the European Monetary Union (EMU) and the related inflation requirements - measures can be expected from the BNB and the government to contain inflation within the specified framework (Maastricht criteria for EMU membership).

In recent years, inflation has been limited and continues to decline. The nature of the business, with practically entirely current payments, exposes Telematic Interactive Bulgaria AD to minimal inflation risk. A negative effect would be the preservation of high inflation levels for a prolonged period, which would limit the disposable income of households. A significant moderating effect of this risk is the relationship between expenses and revenues - over  $\frac{3}{4}$  of operating expenses are tied to revenues and are accordingly not affected by changes in price levels. A significant effect on expenses is observed in the direction of an increase in remuneration, which is also due to the contracted labor market.

### **Currency risk**

The currency risk is related to revenues and expenses of the group companies denominated in different currencies. Currently, the issuer's revenues and expenses are in Bulgarian leva (BGN), but with the implementation of the expansion plans, the share of revenues and expenses in a currency other than Bulgarian leva (BGN) is increasing, which would expose the group companies to a certain currency risk. This risk is mitigated by the fact that the expenses are in local currency and are calculated as a percentage of revenues, i.e. the risk is mainly on the BGN equivalent of revenues, but this would have a very limited impact on the profit margin. The B2C segment generates revenues in multiple currencies and a possible devaluation of these currencies would be reflected in a decrease in the leva equivalent of these revenues. As long as over 60% of revenues are in euros (EUR) and there is no concentration of revenues in a specific other currency, this risk does not have a significant impact on the consolidated revenues. Also, cash is kept in leva or euros and accordingly is not exposed to currency risk.

The expansion of operations into new markets will significantly increase operations in currencies other than lev and euro. In the future, changes in exchange rates would lead to a certain currency risk and could have an effect on the Company's results.

### **Increasing the intensity of competition**

The mass penetration of digital services and the growth of the market are attracting the interest of more and more a wide range of new customers. 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 2024. A significant increase in competition is observed in the market in Peru, where the number of active operators has increased significantly in the last two years. Bulgaria's market dynamics and growth rates remain stable for now, though future shifts are likely. Marketing expenses in this sector typically represent the largest share of the cost structure and are vital for customer acquisition and retention. With the entry of new competitors into the market, the relative share of these costs is expected to rise, which could impact the profitability of the group's companies.

### **Credit risk/counterparty default risk**

This represents the risk that the Group's counterparties may fail to meet their financial obligations. Due to the nature of the business, customers deposit funds into their accounts in advance, meaning Telematic Interactive Bulgaria AD maintains minimal receivables from customers. Credit risk is primarily associated with the custody of significant corporate and client funds within financial institutions. To mitigate this risk, the Company partners exclusively with payment operators and banks of established presence and proven reputation, while surplus cash is invested solely in top-rated financial instruments. Real-time information exchange systems or guaranteed execution systems are in place. For CT Interactive EOOD, payment obligations arise in the month following revenue recognition, posing a non-payment risk should a customer face financial difficulties. The ability to restrict access to provided games in the event of non-payment serves to limit potential losses.

### **Dominant market position of suppliers**

In certain sectors and markets, there are providers, e.g. content providers and payment operators, that have significant market power and can charge rates above market levels. Unilateral price increases by such providers could have a negative effect on profits.

### **Unfair competition**

There are also a significant number of illegal operators operating in the market, without a license and without paying the taxes and fees due and the required licensing of gaming content. Given the high taxes and administrative requirements, this gives them an advantage over legal operators in the form of higher promotions and discounts for customers.

### **Game error**

As a provider of gaming content, the subsidiary company CT Interactive EOOD, bears financial responsibility if, as a result of errors in the games provided, the operator or distributor of gambling games has incurred losses (for example, the game has paid out abnormal winnings). Each game is subject to thorough verification and

testing, including by internationally recognized independent laboratories, therefore the possibility of this risk is minimized. Usually, the compensation due is limited to the losses realized by CT Interactive EOOD revenues from the counterparty for a certain period or a fixed maximum amount. This risk is further mitigated by a "Professional Indemnity" insurance policy.

### **Copyright**

This risk is not directly applicable to Telematic Interactive Bulgaria AD, but specific to its subsidiary CT Interactive EOOD. The distributed games include audio and visual content, graphic objects, trademarks and others that could be subject to copyright. The use of such protected objects without the necessary permissions, may lead to financial claims from the affected party. This risk is low, as long as the use of copyrighted objects is limited and in compliance with legal requirements.

### **Liquidity risk**

Liquidity risk is the risk that the companies in the Group will not be able to meet their current obligations. Telematic Interactive Bulgaria AD maintains high levels of liquidity, with assets being almost entirely in cash. Liabilities are formed mainly from deposited funds of customers and trade payables to suppliers. The cash maintained exceeds the amount of current liabilities, which exposes Telematic Interactive Bulgaria AD to minimal liquidity risk.

### **IT security and cyberattacks**

Risk of unauthorized access, interruption, modification, unregulated use or destruction of databases, overloading of network capacity, interruption of service, etc. Such attacks can have a negative effect on the Company's reputation and lead to loss of customers and financial damage. For this reason, Telematic Interactive Bulgaria AD has taken preventive steps by implementing strict policies and maintaining the highest standards in the field of security. Telematic Interactive Bulgaria AD is certified (through its subsidiary CT Interactive EOOD) according to ISO 27001:2013 issued by TUV Reinland - standard for protecting information security in the trade, creation and distribution of online products, including managing the security of financial, accounting, production, commercial and personal data in the development and distribution of online products. Professional and technical capacity is maintained, which monitors and responds to attempts to compromise the online infrastructure on an ongoing basis.

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

The current management team consists of employees who have built and developed since the Company's inception and have made a major contribution to its successful development to date. The departure of key employees could have an adverse effect on future development. The Company has its own platform (the rights are owned by the subsidiary CT Interactive EOOD), on which all operational activities are based. On the one hand, this provides control over a key asset and a high degree of flexibility, but the departure of key personnel or subcontractors engaged in the maintenance and development of the platform could lead to a deterioration in the quality of the product and/or a delay in its development, which would have a strong negative impact on the business. The Company seeks to limit this risk by attracting and motivating employees with policies and practices that provide opportunities for their continuous training and development and remuneration tied to results.

### **Payment processing risk**

Telematic Interactive Bulgaria AD works with a large number of banks and payment operators and receives and pays out significant amounts to customers. The procedures for paying customers, agreed with the payment service providers, are a key factor in customer satisfaction. Failure to execute an order due to financial or technical problems would negatively affect the Company's reputation and could lead to a decrease in customer confidence and financial losses. Telematic Interactive Bulgaria AD minimizes risk by working only with established operators, by conducting in-depth research, as well as offering various payment methods from licensed payment operators to ensure efficient and secure payment services. The Company follows established procedures for checking and verifying customers, in line with best practices and verification standards.

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

This is a risk of internal and external events that could lead to a suspension of operations. Telematic Interactive Bulgaria AD has developed and implemented infrastructure, systems, processes and rules in order to minimize this risk and ensure uninterrupted operation. Additional capacity is maintained, as well as duplication of key elements of the system, by including cloud services from established providers, which ensure preservation and rapid recovery of the activity in the event of such events.

### **Risk of gaming fraud**

This risk is mainly in the sports betting segment, where there could be cases of fraud and manipulation, for example in sports results. Telematic Interactive Bulgaria AD has a strict risk management system that monitors for unusual activity and allows for preventive response. Slot games, which form the main part of the revenues, do not allow manipulation of bets and winnings and the risk of fraud in casino games is insignificant. A risk management system also operates in this segment, which monitors and limits the potential negative effect of fraud. The risk of fraud in an amount that would have a significant negative impact on the financial results is limited.

### **Risk associated with gambling addiction**

Gambling can be addictive for some customers. Telematic Interactive Bulgaria AD has implemented a system that strictly follows the accepted rules for responsible gaming, informs and enables customers to limit their gaming. The realization of this risk may affect the reputation of Telematic Interactive Bulgaria AD, and violation of the accepted rules for responsible gaming may also lead to sanctions from the regulator. The Company implements an active policy to position itself as a place for entertainment and responsible gaming and makes efforts to assist and support customers at risk.

### **Risk associated with Russia's invasion of Ukraine**

Russia's invasion of Ukraine has led to political, economic, social and even technological turbulence, not only in Europe but also throughout the world. From a political perspective, the conflict has led to a polarization of the geopolitical map, with Western countries strongly condemning the actions of the Russian state and imposing heavy economic sanctions on the latter. On the other hand, Eastern countries such as China and India have refused to participate in imposing sanctions and condemning Russia's military actions in Ukraine. From an economic perspective, the war has led to a sharp decline in economic activity in Ukraine and an "economic embargo" of Russia by Western companies. Food and Energy prices have risen significantly, putting the European and global economies under inflationary pressure. Economic and trade relations have since largely normalised, but risks of market shocks remain. A sustained rise in commodity prices would result in reduced

incomes for businesses and households and rising unemployment.

Currently, Telematic Interactive Bulgaria does not operate in Ukraine and Russia. The Company has a registered company in Ukraine, which was liquidated in 2024. Given the complex situation and increased risks, the Management of TIB does not foresee any immediate actions to start business in Ukraine.

The risks to the Company's operations from the military conflict in Ukraine arise from indirect factors. The war may lead to economic instability in Europe and the region, which may affect the Bulgarian online betting market. Accelerating or maintaining inflation due to a sharp increase in commodity prices may lead to a loss of real purchasing power and a decline in demand for online casino and sports betting. As a result, it may be difficult for online betting operators to generate income. The conflict may also lead to political tension in the region and it may 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.

### **Climate change risk**

Climate change can adversely affect the Company's activities in two ways: directly and indirectly. Direct risks are associated with natural disasters caused by climate change, which could endanger the health and lives of the Company's customers, as well as the destruction of critical infrastructure related to the activity. The realization of climate change risks can lead to additional costs to address the problems described in this section. The indirect effects of climate change include sudden changes in energy and food prices and raw materials, which could lead to a decline in the purchasing power of the population and reduce the demand for services such as online casinos and sports betting. Climate change may lead to a change in the regulatory environment towards a requirement for a reduction in the Company's carbon footprint, which could increase operating costs or lead to a loss of business if the Company is unable to meet the new requirements. Telematic Interactive Bulgaria assesses the impact of climate change on the Company's operations as low in the short term, but the long-term impact remains unknown.

### **Risk associated with changes in interest rates**

After record inflation levels in 2022, a decrease was reported in 2024, but inflation remains high. The European Central Bank (ECB) consistently lowered the key interest rate in 2024, respectively, the Bulgarian lev is fixed to the single European currency, directly transferring the ECB's monetary policy to the Bulgarian banking system and economy. The increase in interest rates may affect the Company's activities in several directions:

1. Increase in borrowing costs. When central banks raise interest rates, banks typically raise borrowing costs, which can lead to higher borrowing costs for companies. If a company depends on borrowing to finance its operations, higher borrowing costs can lead to lower profits and limited investment. As of 31.12.2024, TIB has no debt obligations and the risk and the Company is not exposed to the risk of increasing borrowing costs.
2. Reduced ability to raise funds. If the Company needs to borrow money to finance its growth, higher interest rates may limit its ability to do so. If the Company's investors believe that higher borrowing costs will reduce the Company's profits or limit its ability to repay its loans, they may be less willing to invest. TIB generates significant cash flow from its operations and, as of the reporting date, has sufficient liquidity to finance its operations and future investment plans.
3. The risk of changing interest rates can have an indirect impact on a Company's revenue, as higher interest rates mean more expensive loans for consumers, which can reduce disposable income.

4. As of 31.12.2024, TIB holds fixed-income financial instruments valued at BGN 9 million, allocated entirely to money market instruments. These instruments are measured at fair value through profit or loss (FVTPL) in the income statement. Given that fluctuations in interest rates directly impact their valuation, they also influence the final financial result. The short-term maturity of these investments reflects interest rate changes over brief periods; specifically, lower interest rates led to a decrease in generated income toward the end of the year. Conversely, as a result of earlier rate hikes, the company reported net financial income of BGN 613 thousand, primarily derived from its money market investments.

# **TELEMATIC INTERACTIVE BULGARIA AD**

**Consolidated Financial Statement as of  
31 December 2025**

## Interim Consolidated Statement of Financial Position

		31.12.2025	31.12.2024
		thousand	thousand
	Note	BGN	BGN
Intangible assets	1.2	26,319	12,285
Reputation	1.1	613	-
Property, plant and equipment	2	2,789	3,116
Right-of-use assets	2	1,567	2,106
Investments accounted for using the equity method	13	2,317	3,463
Long-term financial assets	5	359	359
Long-term receivables from related parties	16.5	1,110	951
Deferred tax assets		252	100
<b>Non-current assets</b>		<b>35,326</b>	<b>22,380</b>
Trade receivables and contract assets	3	1,191	847
Advances paid and other receivables	4	1,663	1,859
Financial assets at fair value	5	5,017	8,777
Income tax receivables		-	29
Advances granted for investments		5,026	5,026
Short-term receivables from related parties	16.5	2,266	803
Cash and cash equivalents	6	21,022	28,230
<b>Current assets</b>		<b>36,185</b>	<b>45,571</b>
<b>Total assets</b>		<b>71,511</b>	<b>67,951</b>
<b>Equity and liabilities</b>			
Share capital	15	12,799	12,926
Reserves		14,158	16,574
Retained earnings		3,530	734
Current financial result		12,882	18,578
<b>Equity, belonging to the mother company</b>		<b>43,369</b>	<b>48,812</b>
<b>Non-controlling interest</b>		<b>4,088</b>	<b>-</b>
<b>Total equity</b>		<b>47,457</b>	<b>48,812</b>
Liabilities under lease contracts		1,043	1,610
Long-term liabilities on loans received		317	-
<b>Non-current liabilities</b>		<b>1,360</b>	<b>1,610</b>

Liabilities under lease contracts		542	517
Commercial and other liabilities	7	4,759	3,972
Dividend liabilities	16.5	3,200	3,620
Investment obligations		4,303	-
Obligations to staff		2,349	2,012
Liabilities to related parties	16.5	732	151
Income tax liabilities		197	588
Other tax liabilities	8	2,961	3,025
Deposits from customers		3,651	3,644
<b>Current liabilities</b>		<b>22,694</b>	<b>17,529</b>
<b>Total liabilities</b>		<b>24,054</b>	<b>19,139</b>
<b>Total equity and liabilities</b>		<b>71,511</b>	<b>67,951</b>

## Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31.12.2025 thousand BGN	31.12.2024 thousand BGN
Revenue from bets received and provision of gaming content	9	138,370	133,665
Revenue from sales of assets and services	9	150	97
Other income	9	54	47
Material costs		(659)	(531)
External service costs	10	(68,968)	(66,442)
Depreciation expenses of non-financial assets	1,2	(3,319)	(2,066)
Personnel costs	11	(19,338)	(14,526)
Other expenses	12	(30,419)	(29,929)
<b>Operating profit</b>		<b>15,871</b>	<b>20,315</b>
Impairment of investments	13	(1,146)	-
Loss on investments accounted for using the equity method		-	(10)
Financial income	14	366	965
Financial costs	14	(374)	(342)
<b>Profit before taxes</b>		<b>14,717</b>	<b>20,928</b>
Income tax expense		(1,926)	(2,350)
<b>Profit for the period</b>		<b>12,791</b>	<b>18,578</b>
Exchange rate differences from translation of foreign currencies		235	138
<b>Other comprehensive income</b>		<b>235</b>	<b>138</b>
<b>Total comprehensive income for the year</b>		<b>13,026</b>	<b>18,716</b>
<b>Profit for the year relating to:</b>			
Owners of the Parent Company		12,882	18,578
Non-controlling interest		(91)	-
<b>Other comprehensive income for the period relating to:</b>			
Owners of the Parent Company		235	138
Non-controlling interest		-	-
<b>Comprehensive income for the year relating to:</b>			
Owners of the Parent Company		13,117	18,716
Non-controlling interest		(91)	-
<b>Earnings per share</b>	15	<b>1.00</b>	<b>1.43</b>

## Interim consolidated statement of cash flows

	Note	31.12.2025	31.12.2024
		thousand BGN	thousand BGN
<b>Operational activity</b>			
Bets received from customers		573,973	597,028
Paid winnings and returned deposits		(442,497)	(468,400)
Proceeds from sale of services to customers		6,527	5,509
Payments to suppliers		(70,785)	(70,192)
Payments to personnel and social security institutions		(18,213)	(13,083)
VAT refunded		234	453
Corporate tax payments		(2,391)	(1,762)
Payments for taxes on gambling activities		(26,687)	(25,702)
Other cash flows, net		(2,706)	(2,195)
<b>Net cash flow from operating activities</b>		<b>17,455</b>	<b>21,656</b>
<b>Investment activity</b>			
Acquisition of investments in subsidiaries		(2,267)	-
Acquisition of investment in joint ventures		-	(1,238)
Investments in financial assets		-	(16,478)
Proceeds from maturing issues		3,916	33,595
Loans provided		(1,390)	(486)
Proceeds from loans granted		2	340
Purchase of fixed assets		(5,379)	(7,085)
Interest received		6	18
<b>Net cash flow from investing activities</b>		<b>(5,112)</b>	<b>8,666</b>
<b>Financial activity</b>			
Dividends paid		(16,202)	(27,711)
Payments under leasing contracts		(649)	(570)
Payments for the redemption of own shares		(2,938)	(598)
Loans received		317	-
<b>Net cash flow from financing activities</b>		<b>(19,472)</b>	<b>(28,879)</b>
Currency revaluations		(79)	45
<b>Net change in cash and cash equivalents</b>		<b>(7,208)</b>	<b>1,488</b>
Cash and cash equivalents at the beginning of the year		28,230	26,742
<b>Cash and cash equivalents at the end of the reporting period</b>	6	<b>21,022</b>	<b>28,230</b>

## Interim consolidated statement of changes in equity

	Share capital	Reserve from awards on emissions	Others reserves	Undistributed profit	Own capital, belonging to the parent company	Participation without control	Total own capital
	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN
Balance as of 1 January 2024	12,960	15,680	1,320	26,913	56,873	-	56,873
Dividends	-	-	-	(26,156)	(26,156)	-	(26,156)
Own shares repurchased	(34)	(564)	-	-	(598)	-	(598)
Deals with owners	(34)	(564)	-	(26,156)	(26,754)	-	(26,754)
Profit for the period	-	-	-	18,578	18,578	-	18,578
Other comprehensive income	-	-	138	-	138	-	138
Total comprehensive income for the period	-	-	138	18,578	18,716	-	18,716
Other amendments	-	-	-	(23)	(23)	-	(23)
Balance as of 31 December 2024	12,926	15,116	1,458	19,312	48,812	-	48,812
Balance as of 1 January 2025	12,926	15,116	1,458	19,312	48,812	-	48,812
Dividends	-	-	-	(15,782)	(15,782)	-	(15,782)
Own shares repurchased	(135)	(2,803)	-	-	(2,938)	-	(2,938)
Share-based payment	8	152	-	-	160	-	160
Deals with owners	(127)	(2,651)	-	(15,782)	(18,560)	-	(18,560)
Profit for the period	-	-	-	12,882	12,882	(91)	12,791
Other comprehensive income	-	-	235	-	235	-	235
Business combination	-	-	-	-	-	4,179	4,179
Total comprehensive income for the period	-	-	235	12,882	13,117	-	13,117
Balance as of 31 December 2025	12,799	12,465	1,693	16,412	43,369	4,088	47,457

### Notes to the interim consolidated financial statements

#### 1. Reputation and intangible assets

##### 1.1. Reputation

In 2025, after acquiring 60% of the capital of Miland Games OOD and Telematic Sport AD, the Group recognized initial goodwill in the amount of BGN 613 thousand. In these interim consolidated financial

statements, the acquisition of the two companies is treated as a business combination within the meaning of IFRS 3 "Business Combinations". The agreed consideration for the acquisition of the controlling stake in Miland Games OOD has been partially paid. The agreed price for the acquisition of 60% of Telematic Sport AD has been partially paid at the end of the reporting quarter in cash, and the balance is due within the agreed payment terms, which in turn should be paid partially in cash and partially in shares of Telematic Interactive Bulgaria AD.

## 1.2. Intangible assets

	Licenses thousand BGN	Software thousand BGN	Game content rights thousand BGN	Costs for acquisition of intangible assets thousand BGN	Total thousand BGN
<b>Gross book value</b>					
Balance as of 1 January 2025	1,064	215	15,170	-	16,449
Newly acquired assets	-	10,449	5,211	2,883	18,543
Assets written off	-	-	(65)	(2,369)	(2,434)
<b>Balance as of 31 December 2025</b>	<b>1,064</b>	<b>10,664</b>	<b>20,316</b>	<b>514</b>	<b>32,558</b>
<b>Depreciation</b>					
Balance as of 1 January 2025	(304)	(130)	(3,730)	-	(4,164)
Accrued depreciation	(185)	(17)	(1,878)	-	(2,080)
Depreciation written off	-	-	5	-	5
<b>Balance as of 31 December 2025</b>	<b>(489)</b>	<b>(147)</b>	<b>(5,603)</b>	<b>-</b>	<b>(6,239)</b>
<b>Carrying amount as of 31 December 2025</b>	<b>575</b>	<b>10,517</b>	<b>14,713</b>	<b>514</b>	<b>26,319</b>

  

	Licenses thousand BGN	Program products thousand BGN	Game content rights thousand BGN	Total BGN thousand
<b>Gross book value</b>				
Balance as of 1 January 2024	390	179	11,515	12,084
Newly acquired assets	744	36	3,805	4,585
Assets written off	(70)	-	(150)	(220)
<b>Balance as of 31 December 2024</b>	<b>1,064</b>	<b>215</b>	<b>15,170</b>	<b>16,449</b>
<b>Depreciation</b>				
Balance as of 1 January 2024	(182)	(115)	(2,571)	(2,868)
Accrued depreciation	(192)	(15)	(1,179)	(1,386)
Depreciation written off	70	-	20	90
<b>Balance as of 31 December 2024</b>	<b>(304)</b>	<b>(130)</b>	<b>(3,730)</b>	<b>(4,164)</b>

Carrying amount as of 31  
December 2024

760                      85                      11,440                      12,285

The main intangible assets of the Group represent the one-time fees due and paid for licenses of the companies in the Group under the Gambling Act, which are issued for a period of 5 years, the exclusive rights for online distribution of the Group's games, an online gaming platform, as well as licenses for the production, import, distribution and service of gaming equipment for a period of 10 years.

The Group has not pledged intangible assets as collateral for its obligations.

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

	Machines and equipment	Computers and peripherals	Economic inventory	Equipment and fixed assets	Costs for acquisition of fixed assets	Transport means	Right- of-use assets	Total fixed assets
	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN
<b>Gross book value</b>								
Balance as of 1 January 2025	607	1,269	111	1,425	36	84	2,696	6,228
Newly acquired assets	45	305	13	10	-	-	-	373
Assets written off	-	-	-	-	-	-	-	-
<b>Balance as of 31 December 2025</b>	<b>652</b>	<b>1,574</b>	<b>124</b>	<b>1,435</b>	<b>36</b>	<b>84</b>	<b>2,696</b>	<b>6,601</b>
<b>Depreciation</b>								
Balance as of 1 January 2025	(41)	(230)	(33)	(87)	-	(25)	(590)	(1,006)
Accrued depreciation	(127)	(262)	(17)	(276)	-	(18)	(539)	(1,239)
Depreciation written off	-	-	-	-	-	-	-	-
<b>Balance as of 31 December 2025</b>	<b>(168)</b>	<b>(492)</b>	<b>(50)</b>	<b>(363)</b>	<b>-</b>	<b>(43)</b>	<b>(1,129)</b>	<b>(2,245)</b>
<b>Carrying amount as of 31 December 2025</b>	<b>484</b>	<b>1,082</b>	<b>74</b>	<b>1,072</b>	<b>36</b>	<b>41</b>	<b>1,567</b>	<b>4,356</b>
	Machines	Computers	Economic	Equipment	Costs	Transport	Right-	Total

	and equipment	and peripherals	inventory	and fixed assets	for acquisition of fixed assets	means	of-use assets	fixed assets
	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN	thousand BGN
<b>Gross book value</b>								
Balance as of 1 January 2024	62	354	60	109	898	30	2,122	3,635
Newly acquired assets	545	915	51	1,316	-	54	1,544	4,425
Assets written off	-	-	-	-	(862)	-	(970)	(1,832)
<b>Balance as of 31 December 2024</b>	<b>607</b>	<b>1,269</b>	<b>111</b>	<b>1,425</b>	<b>36</b>	<b>84</b>	<b>2,696</b>	<b>6,228</b>
<b>Depreciation</b>								
Balance as of 1 January 2024	(6)	(137)	(23)	(29)	-	(14)	(409)	(618)
Accrued depreciation	(35)	(93)	(10)	(59)	-	(11)	(472)	(680)
Depreciation written off	-	-	-	-	-	-	291	291
<b>Balance as of 31 December 2024</b>	<b>(41)</b>	<b>(230)</b>	<b>(33)</b>	<b>(87)</b>	<b>-</b>	<b>(25)</b>	<b>(590)</b>	<b>(1,006)</b>
<b>Carrying amount as of 31 December 2024</b>	<b>566</b>	<b>1,039</b>	<b>78</b>	<b>1,338</b>	<b>36</b>	<b>59</b>	<b>2,106</b>	<b>5,222</b>

The Group has not pledged any property, machinery or equipment as collateral for its obligations.

As of 31.12.2025, the companies in the Group have entered into lease agreements for office and other premises, under the terms of which, right-of-use assets with a carrying amount of BGN 2,696 thousand are reported.

Right-of-use assets also include office and other premises.

### 3. Trade receivables and contract assets

	31.12.2025 thousand BGN	31.12.2024 thousand BGN
Assets under contracts with related parties	27	7
Assets under contracts with other customers	545	543
Trade receivables	616	294

Inventory	3	3
<b>Total</b>	<b>1,191</b>	<b>847</b>

The Group recognizes current assets under contracts with customers, primarily related to the provision of online content. The Group has provided services to customers, but as of the date of the financial statements, payment is not due from the customer.

#### 4. Advances paid and other receivables

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
Prepaid expenses	509	174
Advances granted	730	315
VAT refund	14	130
Guarantee deposits	332	450
Receivables from assignments	-	271
Others	78	519
<b>Total</b>	<b>1,663</b>	<b>1,859</b>

#### 5. Financial assets at fair value

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
<b>Long-term financial assets</b>		
Equity instruments at fair value through other comprehensive income		
Over-the-counter equity instruments	359	359
	359	359
<b>Short-term financial assets</b>		
Debt instruments at fair value through profit or loss		
Money market fund	5,017	8,777
	5,017	8,777
<b>Total</b>	<b>5,376</b>	<b>9,136</b>

#### 6. Cash and cash equivalents

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
Cash	1,943	1,704
Cash in banks	799	4,982
Cash in payment operators	18,280	21,544
<b>Cash and cash equivalents</b>	<b>21,022</b>	<b>28,230</b>

## 7. Commercial and other obligations

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
Trade obligations	4,455	3,870
Other obligations	304	102
	<b>4,759</b>	<b>3,972</b>

## 8. Other tax obligations

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
State fee under Article 38 of the Gambling Act	2,462	2,394
VAT for import	92	160
Withholding tax on personal income	215	217
Withholding tax	1 2 4	123
Other taxes	68	131
	<b>2,961</b>	<b>3,025</b>

## 9. Income

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
Betting income	131,869	128,173
Revenue from providing online content	6,501	5,492
Revenue from sales of other services	150	97
<b>Revenue from contracts with customers within the scope of IFRS 15</b>	<b>138,520</b>	<b>133,762</b>
Other income	54	47
<b>Revenue outside the scope of IFRS 15</b>	<b>54</b>	<b>47</b>
<b>Total revenue</b>	<b>138,574</b>	<b>133,809</b>

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

	31.12.2025	31.12.2024
	thousand BGN	thousand BGN
<b>Realized revenue from bets by type:</b>		
Casino games	118,288	117,590
Sports betting	13,581	10,583

<b>131,869</b>	<b>128,173</b>
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#### 10. Costs for external services

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>thousand</b>	<b>thousand</b>
	<b>BGN</b>	<b>BGN</b>
Advertising	(30,216)	(25,675)
Game content fees	(18,504)	(20,314)
Payment services	(11,560)	(12,070)
Software services	(3,624)	(3,518)
Communications and utilities	(2,228)	(1,861)
Technical support	(1,023)	(709)
Accounting and legal services	(758)	(868)
Consulting services	(564)	(1,013)
Rentals	(190)	(158)
Others	(301)	(256)
	<b>(68,968)</b>	<b>(66,442)</b>

#### 11. Staff remuneration

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>thousand</b>	<b>thousand</b>
	<b>BGN</b>	<b>BGN</b>
Salary expenses	(16,866)	(12,705)
Social security costs	(2,472)	(1,821)
<b>Personnel costs</b>	<b>(19,338)</b>	<b>(14,526)</b>

#### 12. Other expenses

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>thousand</b>	<b>thousand</b>
	<b>BGN</b>	<b>BGN</b>
Fees under the Gambling Act	(26,711)	(26,052)
Withholding tax expenses	(529)	(608)
Additional subject and material bonuses and rewards	(706)	(949)
Other expenses	(2,473)	(2,320)
	<b>(30,419)</b>	<b>(29,929)</b>

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

#### 13. Impairment of non-financial assets

As of 31.12.2025, an impairment of the investment in the joint venture 77 BITS BSC LLC in the amount of BGN 1,146 thousand was recognized due to legal restrictions on gambling activities in North Macedonia, as a result of which at the end of the reporting year the amount of this investment was BGN 2,317 thousand.

#### 14. Financial income and expenses

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>thousand BGN</b>	<b>thousand BGN</b>
Interest income on financial assets at amortized cost value	133	91
Gains from financial instruments measured at fair value through profit or loss	155	747
Income from equity participation	35	-
Profits from foreign exchange differences	43	127
<b>Financial income</b>	<b>366</b>	<b>965</b>
Interest expenses	(109)	(117)
Losses from currency revaluation of liabilities in foreign currency currency	(265)	(216)
Losses on financial instruments measured at fair value through profit or loss	-	(3)
Other financial expenses	-	(6)
<b>Financial costs</b>	<b>(374)</b>	<b>(342)</b>

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

As of 31.12.2025, the registered capital of the Group consists of 12,960,018 ordinary shares with a nominal value of 1 BGN.

The shares of the Parent Company are traded on the Bulgarian Stock Exchange AD. The shares are entitled to receive dividends and a liquidation share and each share represents one vote at the general meeting of shareholders.

As of 31.12.2025, pursuant to a decision of the General Meeting of Shareholders dated 11.03.2024, the Parent Company has purchased a total of 168,397 shares, representing 1.299% of all voting shares issued by Telematic Interactive Bulgaria AD.

The repurchased shares have a nominal value of BGN 135 thousand, which is presented as a reduction in the company's share capital at the end of the reporting period in the statement of financial position. The premium reserve applicable to the repurchased shares is BGN 2,803 thousand.

According to a decision of the Board of Directors, 2800 shares of the repurchased shares were provided to employees as a bonus. According to concluded contracts for the acquisition of investments dated 04.09.2025, part of the sales price is paid through shares, and by the end of the reporting period, 4483 shares of the repurchased shares for BGN 98 thousand were transferred.

The available repurchased shares as of 31.12.2025 amount to 161,114 pcs. They are presented in the statement of financial position at nominal value, respectively, their nominal value is reduced by the presented share capital of the Parent Company as of the end of the reporting period.

As of 31 December 2025, the Group has a majority owner - Eldorado Corporation AD, whose ultimate owners are Milo Stratiev Borissov and Rossina Stratieva Borissova.

## Earnings per share

As of 31.12.2025, basic earnings per share were calculated based on net profit attributable to shareholders and the weighted average number of shares of the Group, as follows:

	<b>2025</b>	<b>2024</b>
Profit subject to distribution (in BGN)	12,791,623	18,578,089
Weighted average number of shares	12,838,652	12,947,129
<b>Basic earnings per share (in BGN per share)</b>	<b>1.00</b>	<b>1.43</b>

For the period, the Parent Company distributed a dividend in the amount of BGN 15,782 thousand and paid dividends in the amount of BGN 16,202 thousand according to the minutes of the General Meeting of Shareholders of 06.12.2024, 24.03.2025, 12.06.2025 and 25.09.2025. In December 2025, the General Meeting of Shareholders decided to distribute a new cash dividend in the amount of BGN 3,200 thousand, which was paid in January 2026.

## 16. Related party transactions

### 16.1 Transactions with owners

	<b>2025</b>	<b>2024</b>
	<b>thousand BGN</b>	<b>thousand BGN</b>
Service purchases	125	73
Services provided	94	2
Dividends distributed	15,782	26,157
Dividends paid	16,202	27,711
Accrued investment income	35	-
Loans provided	1,100	-
Repaid loans	2	340
Interest received on repaid loans	-	15
Accrued interest income	50	13

### 16.2 Transactions with joint ventures

	<b>2025</b>	<b>2024</b>
	<b>thousand BGN</b>	<b>thousand BGN</b>
Additional cash contributions	-	1,238
Loans provided	-	135
Accrued interest	14	11

### 16.3 Transactions with other related parties under common control

	<b>2025</b>	<b>2024</b>
	<b>thousand BGN</b>	<b>thousand BGN</b>

Purchase of fixed assets	2,795	2,174
Purchases of services and goods	14,977	4,527
Goods and services provided	107	76
Loans provided	173	351
Accrued interest	63	41

#### 16.4 Transactions with key management personnel

	<b>2025</b>	<b>2024</b>
	<b>thousand</b>	<b>thousand</b>
	<b>BGN</b>	<b>BGN</b>
Short-term rewards:		
Salaries, including:	587	635
<i>Bonus</i>	163	219
Social security costs	19	12
<b>Total remuneration</b>	<b>606</b>	<b>647</b>

#### 16.5 Settlements with related parties at the end of the period

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>thousand</b>	<b>thousand</b>
	<b>BGN</b>	<b>BGN</b>
<b>Non-current receivables from:</b>		
- other related parties under common control	1110	951
Total non-current receivables from related parties	<b>1110</b>	<b>951</b>
<b>Current receivables from:</b>		
- owners	1,325	98
- joint ventures	160	146
- other related parties under common control	781	559
Total current receivables from related parties	<b>2,266</b>	<b>803</b>
<b>Total receivables from related parties</b>	<b>3,376</b>	<b>1,754</b>
<b>Current liabilities to:</b>		
- owners - dividend liabilities	3,200	3,620
- other related parties under common control for supplies	732	151
Total current liabilities to related parties	<b>3,932</b>	<b>3,771</b>
<b>Total liabilities to related parties</b>	<b>3,932</b>	<b>3,771</b>

The Group's related parties include the owners, companies under common control and key management personnel.

Unless expressly stated, transactions with related parties were not carried out under special conditions and no guarantees were provided or received.

Loans granted to related parties are unsecured with an agreed market interest rate. The remaining receivables from related parties, as well as the liabilities, are of a commercial nature.

The Group has not received any guarantees from related parties, nor has it provided any guarantees in favour

of related parties.

### **17. Events after the end of the reporting period**

As of the date of approval of this report, the dividends distributed in the amount of BGN 3,200 thousand by decision of the General Meeting of Shareholders of December 16, 2025 have been fully paid.

On 22.01.2026, Telematic Interactive Bulgaria AD subscribed and acquired at par value 3,000,000 new shares with a par value of PEN 1 each, from the capital increase of the subsidiary TIB Consult S.A.C., Peru, for the amount of PEN 3,000,000, the equivalent in euros of which is approximately EUR 764,700. As a result of the capital increase, the shareholding of TIB AD continues to be 99.99% of the capital of TIB Consult S.A.C.

On 17.02.2026, Telematic Interactive Bulgaria AD concluded a share purchase and sale agreement and acquired 51% of the capital of 7MOJOS INTERACTIVE Ltd., Varna. The total purchase price of the transaction is EUR 3,000,000, which will be paid in 3 equal cash tranches, each amounting to EUR 1,000,000.

The parent company Telematic Interactive Bulgaria AD has announced the convening of an extraordinary General Meeting of Shareholders of 27.03.2026 for adopting a decision on dividend distribution and other issues.

### **18. Approval of the interim consolidated financial statements**

The interim consolidated financial statements as of 31 December 2025 (including comparative information) were approved for issue by the Board of Directors on 27 February 2026.

### **INFORMATION under Annex No. 4 of Regulation 2 of the FSC**

#### **1. Change of persons exercising control over the Company.**

At the General Meeting of Shareholders of 12.06.2025, a decision was made to dismiss Lachezar Tsvetkov Petrov, Executive Director, as a member of the Board of Directors and a new member was elected - Angel Andonov Irobozov. During the period, there was no other change in the persons exercising control over Telematic Interactive Bulgaria AD.

#### **2. Opening of bankruptcy proceedings for the Company or its subsidiary and all essential stages related to the proceedings until the company is declared bankrupt.**

There is no proceedings opened.

#### **3. Conclusion or execution of material transactions. Decision to conclude, terminate and cancel a joint venture agreement.**

There are no such deals.

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

There was no change in the Company's auditors during the period.

#### **5. Initiation or termination of a court or arbitration case relating to obligations or receivables of the Company or its subsidiary, with a claim value of at least 10 percent of the Company's equity.**

There are no legal or other proceedings of significant value.

#### **6. Purchase, sale or established pledge of equity interests in commercial companies by the issuer or its subsidiary.**

With decisions of 30.01., 26.02. and 28.08.2025, TIB AD increased the capital of TIB Consult S.A.C., Peru by BGN 188,000, BGN 1,520,000 (of which BGN 1.1 million contributed) and BGN 1,700,000, respectively. After the capital increase, the shareholding of Telematic Interactive Bulgaria AD continues to be 99.99% of the capital.

In January 2025, the capital of CT Interactive EOOD was increased by BGN 1 million. Following a decision of 24.06.2025 of the Board of Directors (BoD) of Telematic Interactive Bulgaria AD, on 07.07.2025, the capital of the subsidiary CT Interactive EOOD was increased by BGN 600,000 to

BGN 14,260,000. After the capital increase, the shareholding of Telematic Interactive Bulgaria AD continues to be 100% of the capital.

On 04.09.2025, TIB AD acquired 60% of the capital of Telematic Sport AD - a company developing gaming content and a sports betting platform. The value of the transaction is EUR 3,000,000. The payment shall be in equal instalments for the next one year.

On 11.09.2025, TIB AD acquired 60% of the capital of Miland Games OOD - a company developing gaming content. The value of the transaction is BGN 800,000. The payment is spread over 4 equal tranches of BGN 200,000 each.

**7. Other circumstances that the Company believes could be relevant to investors in deciding to acquire, sell or continue to hold publicly offered securities.**

There are no other circumstances beyond those announced in this report.

Executive Director

Angel Iribozov

Digitally signed by

ANGEL ANDONOV IRIBOZOV

Date: 27.02.2026

15:36:05 +02

*I, the undersigned Ivan Nikolaev Gospodinov, hereby certify the genuineness of the present translation from Bulgarian into the English language of the document attached hereto. The translation consists of 33 pages.*

*Translator: Ivan Nikolaev Gospodinov*