

*Translation from the Bulgarian*

# QUARTERLY REPORT ON THE ACTIVITY

as at 31 December 2025

SEPARATE

## **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:**

[For investors | Telematic Interactive](#)

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

## **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 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 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, totalling BGN 3.4 million. Following the capital increase, Telematic Interactive Bulgaria AD's shareholding continues to be 99.99% of the capital. The activity of Palmsbet Curacao was also related to operations in Peru, which received a separate license. Therefore, a temporary suspension of active commercial activity of Palmsbet occurred, which is why the investment was written down by BGN 121 thousand. 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 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 TIB's portfolio of proprietary products and the capacity to develop new products. In the last quarter of 2025, TIB additionally financed the activities of Telematic Sport AD with a loan in the amount of EUR 219,826. for the development of the product range.

The capital of CT Interactive EOOD was increased by 1.6 million BGN, 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 by 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.

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. 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 provides a loan to R.S. Consult AD in the amount of BGN 1,100,000, at a 5% annual interest rate and a contract term of 31.05.2025.

Investments in the development of the Kenya operation continue to support high revenue growth, although the operation is not yet generating a positive financial result. On 12.03.202, TIB AD concluded a loan agreement with South Cape Investments Ltd, Kenya in the amount of \$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 concluded a contract with M.B.S. TRADE AD for a total value of 5.2 BGN for a period until the end of the year and is subject to advertising via an LED system on playing fields during football matches and for agency and advertising. On 18.06.2025, an annex was concluded, which increases the amount of the contract by 240,000 BGN.

On 28.02.2025, after the sale of 52,305 shares by Eldorado Corporation AD, the direct participation in TIB AD was reduced from 90.40% to 89.73%.

## **Operational results**

### Income

Realized revenues from core activities in 2025 amounted to BGN 131.3 million (2024: BGN 128.3 million), which represents an increase of 2.3%. Revenues are formed entirely from the core activity – 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.

Revenues are generated from two main activities – casino games (slot games, streaming of live casino games, etc.) and sports betting (sports results, sports events). Telematic Interactive Bulgaria AD has strong positions and competitive advantages in slot games, where revenues are maintained during the nine months and form the main part of the revenue – 90% of the revenue. In a highly competitive environment, the company continues to successfully attract new customers, while successfully retaining the existing ones with a wide portfolio of games, good service and active communication with customers.

The share of sports betting revenues formed 10% of total operating revenues and grew by 25.7% on an annual basis, 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.

*Structure of operating income*

| <b>In thousands of BGN</b> | 2024           | 2025           | <b>Change</b> | Q4 24         | Q4 25         | <b>Change</b> |
|----------------------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Casino games               | 117,571        | 117,778        | 0.2%          | 31,881        | 32,584        | 2.2%          |
| <i>% of revenue</i>        | 91.6%          | 89.7%          |               | 89.2%         | 89.5%         |               |
| Sports betting             | 10,650         | 13,392         | 25.7%         | 3,836         | 3,820         | -0.4%         |
| <i>% of revenue</i>        | 8.3%           | 10.2%          |               | 10.7%         | 10.5%         |               |
| Other income               | 82             | 101            | 23.2%         | 21            | 15            | -28.6%        |
| <i>% of revenue</i>        | 0.1%           | 0.1%           |               | 0.1%          | 0.0%          |               |
| <b>Total revenue</b>       | <b>128,303</b> | <b>131,271</b> | <b>2.3%</b>   | <b>35,738</b> | <b>36,419</b> | <b>1.9%</b>   |

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 in the customer service centre) and the use of a highly functional CRM system (customer relationship management system) gives us the opportunity to apply an individual approach 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 games of the respective provider have generated), including with the subsidiary CT Interactive EOOD. Despite the increase in revenue, expenses for game providers decreased by 1% to BGN 23.7 million (2024: BGN 24 million) as a result of optimizing promotional conditions.

*Advertising and marketing costs* for the reporting period increased by 14.8% to BGN 27.7 million (2024: 24.1 million BGN). Marketing expenses were negatively affected by increased competition and price increases in some marketing channels. 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 6.1% in 2025 to BGN 11.2 million (2024: BGN 11.9 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 13.1% and reach BGN 2.2 million (2024: BGN 1.9 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 22.2% to BGN 1.7 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, +26.8% to BGN 899 thousand, 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           | 346           | 495           | -15.2%        | 164          | 139          | 43.1%         |
| External service costs   | 65,497        | 68,356        | 6.4%          | 18,023       | 19,180       | 4.4%          |
| Personnel costs          | 10,598        | 13,981        | 0.5%          | 3,473        | 3,489        | 31.9%         |
| Other operating expenses | 29,567        | 31,069        | 9.2%          | 9,159        | 10,004       | 5.1%          |
| Depreciation expenses    | 495           | 516           | -9.0%         | 144          | 131          | 4.2%          |
| <b>EBIT</b>              | <b>21,800</b> | <b>16,854</b> | <b>-27.2%</b> | <b>4,775</b> | <b>3,476</b> | <b>-22.7%</b> |
| <b>Net profit</b>        | <b>20,265</b> | <b>15,211</b> | <b>-28.6%</b> | <b>4,387</b> | <b>3,132</b> | <b>-24.9%</b> |

Other operating expenses consist of a state fee for maintaining an online gambling operator license in the amount of BGN 26.5 million (2024: BGN 26 million), which is legally set at 20% 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% 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 accompanying expenses are reduced by 18.4% compared to the previous year - BGN 1.5 million (2024: BGN 1.8 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 32% to BGN 14 million (2024: BGN 10.6 million), due to both the increase in the number of employees and employee remuneration. The increase in employees is mainly related to the launch of the live game studio.

Net profit for the period amounted to BGN 15.2 million (2024: BGN 20.3 million) or a decrease of 24.9% on an annual basis, due to the increase in marketing and remuneration expenses, as well as accrued impairments in the amount of BGN 1.9 million. The profitability of net profit also decreased to 11.6% (2024: BGN 15.8 million).

#### Balance sheet position

As of 31.12.2025, cash and investments in money market instruments amounted to BGN 25.2 million or 38% of assets, which is determined by the nature of the company's activities. The company's non-current financial assets as of 31.12.2025 amounted to BGN 30 million and increased by BGN 10.45 million since the beginning of the year, of which BGN 6.67 million from the acquisition of Telematic Sport AD and Miland Games OOD and BGN 3.8 million from the increase in the capital of the subsidiaries CT Interactive EOOD and TIB Consult SAC. The remaining non-current assets are the concluded lease agreement and the license fees.

Interest liabilities amounting to BGN 467 thousand 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 20 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 million, compared to BGN 21 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 -9.2 million. The investments are directed almost entirely to the subsidiaries, through the increase in the capital of CT Interactive EOOD and TIB Consult SAC, the acquisition of Telematic Sport AD and Miland Games OOD and borrowed funds to finance the activities in CT Interactive and Kenya.

### **Corporate events**

**On 24.03.2025**, a general meeting of shareholders 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 general meeting of shareholders 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, Angel Andonov Irobozov, was elected.

**On 25.09.2025**, a general meeting of shareholders 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 with the subsidiary CT Interactive OOD 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**, a general meeting of shareholders 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 and the related company MBS Trade AD for agency and advertising in 2026 in the 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 signalling 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 labour 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. In the future, this risk is planned to be further secured by concluding an 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

## Separate Financial Statement as of 31 December 2025

### Separate Financial Statement

|   | Note | 31.12.2025      | 31.12.2024      |
|---|------|-----------------|-----------------|
|   |      | thousand<br>BGN | thousand<br>BGN |
| Intangible assets                           | 2    | 546             | 731             |
| Property, plant and equipment               | 3    | 385             | 320             |
| Right-of-use assets                         | 3    | 461             | 691             |
| Investments in subsidiaries                 | 4    | 27,317          | 15,721          |
| Investments in joint ventures               | 5    | 2,327           | 3,473           |
| Long-term financial assets                  | 8.1  | 300             | 300             |
| Long-term receivables from related parties  | 7.6  | 1,502           | 951             |
| Deferred taxes                              |      | 242             | 93              |
| <b>Non-current assets</b>                   |      | <b>33,080</b>   | <b>22,280</b>   |
| <br>  |      |                 |                 |
| Financial assets at fair value              | 8.2  | 5,017           | 8,777           |
| Advances paid and other receivables         | 6    | 1,302           | 1,119           |
| Short-term receivables from related parties | 7.6  | 2,084           | 949             |
| Advances granted for investments            |      | 5,026           | 5,026           |
| Other receivables and assets                |      | 126             | 8               |
| Cash and cash equivalents                   | 9    | 20,193          | 27,990          |
| <b>Current assets</b>                       |      | <b>33,748</b>   | <b>43,869</b>   |
| <b>Total assets</b>                         |      | <b>66,828</b>   | <b>66,149</b>   |
| <br>  |      |                 |                 |
| <b>Equity and liabilities</b>               |      |                 |                 |
| Share capital                               | 10   | 12,799          | 12,926          |
| Reserves                                    |      | 13,765          | 16,416          |

|                                      |      |               |               |
|--------------------------------------|------|---------------|---------------|
| Retained earnings                    |      | 4,578         | 95            |
| Current financial result             |      | 15,211        | 20,265        |
| <b>Equity</b>                        |      | <b>46,353</b> | <b>49,702</b> |
| Liabilities under lease contracts    |      | 226           | 492           |
| <b>Non-current liabilities</b>       |      | <b>226</b>    | <b>492</b>    |
| Liabilities under lease contracts    |      | 241           | 230           |
| Commercial and other liabilities     | 12   | 3,360         | 3,219         |
| Obligations to staff                 | 11.2 | 1,706         | 1,546         |
| Dividend liability                   | 7.6  | 3,200         | 3,620         |
| Investment obligations               |      | 4,303         | -             |
| Liabilities to related parties       | 7.6  | 846           | 176           |
| Income tax liabilities               |      | 111           | 588           |
| Liabilities for other taxes and fees |      | 2,894         | 2,972         |
| Customer deposits                    |      | 3,588         | 3,604         |
| <b>Current liabilities</b>           |      | <b>20,249</b> | <b>15,955</b> |
| <b>Total liabilities</b>             |      | <b>20,475</b> | <b>16,447</b> |
| <b>Total equity and liabilities</b>  |      | <b>66,828</b> | <b>66,149</b> |

## Separate Statement of Comprehensive Income for the year ended December 31

|                                    | Note | 31.12.2025<br>thousand<br>BGN | 31.12.2024<br>thousand<br>BGN |
|------------------------------------|------|-------------------------------|-------------------------------|
| Income from bets received          | 13   | 131,170                       | 128,221                       |
| Other operating income             | 13   | 101                           | 82                            |
| Material costs                     |      | (495)                         | (346)                         |
| External service costs             | 14   | (68,356)                      | (65,497)                      |
| Depreciation expenses              |      | (516)                         | (495)                         |
| Personnel costs                    | 11.1 | (13,981)                      | (10,598)                      |
| Impairment of non-financial assets | 4,5  | (1,267)                       | (346)                         |
| Other expenses                     | 15   | (29,802)                      | (29,221)                      |
| <b>Operating profit</b>            |      | <b>16,854</b>                 | <b>21,800</b>                 |
| Financial income                   | 16   | 372                           | 956                           |
| Financial costs                    | 16   | (254)                         | (194)                         |
| <b>Profit before taxes</b>         |      | <b>16,972</b>                 | <b>22,562</b>                 |
| Income tax expense                 |      | (1,761)                       | (2,297)                       |

|  |    |               |               |
|--|----|---------------|---------------|
| <b>Profit for the period</b>                     |    | <u>15,211</u> | <u>20,265</u> |
| <b>Total comprehensive income for the period</b> |    | <u>15,211</u> | <u>20,265</u> |
| <b>Earnings per share:</b>                       | 10 | <u>1.18</u>   | <u>1.57</u>   |

## Separate Statement of Changes in Equity for the year ended December 31

|  | Shareholder<br>capital | Share<br>premium<br>reserve | Others<br>reserves | Undistributed<br>profit/<br>(Accumulated<br>loss) | Own<br>capital  |
|--|------------------------|-----------------------------|--------------------|---|-----------------|
|  | thousand<br>BGN        | thousand<br>BGN             | thousand<br>BGN    | thousand BGN                                      | thousand<br>BGN |
| <b>Balance as of 1 January 2024</b>                  | <b>12,960</b>          | <b>15,680</b>               | <b>1,300</b>       | <b>26,251</b>                                     | <b>56,191</b>   |
| Dividends  | -                      | -                           | -                  | (26,156)  | (26,156)        |
| Own shares repurchased                               | (34)                   | (564)                       | -                  | -   | (598)           |
| <b>Deals with owners</b>                             | <b>(34)</b>            | <b>(564)</b>                | <b>-</b>           | <b>(26,156)</b>                                   | <b>(26,754)</b> |
| Profit for the period                                | -                      | -                           | -                  | 20,265  | 20,265          |
| <b>Total comprehensive income for the<br/>period</b> | <b>-</b>               | <b>-</b>                    | <b>-</b>           | <b>20,265</b>                                     | <b>20,265</b>   |
| <b>Balance as of 31 December 2024</b>                | <b>12,926</b>          | <b>15,116</b>               | <b>1,300</b>       | <b>20,360</b>                                     | <b>49,702</b>   |
| <b>Balance as of 1 January 2025</b>                  | <b>12,926</b>          | <b>15,116</b>               | <b>1,300</b>       | <b>20,360</b>                                     | <b>49,702</b>   |
| Dividends  | -                      | -                           | -                  | (15,782)  | (15,782)        |
| Own shares repurchased                               | (135)                  | (2,803)                     | -                  | -   | (2,938)         |
| Share-based payment                                  | 8                      | 152                         | -                  | -   | 160             |
| <b>Deals with owners</b>                             | <b>(127)</b>           | <b>(2651)</b>               | <b>-</b>           | <b>(15,782)</b>                                   | <b>(18,560)</b> |
| Profit for the period                                | -                      | -                           | -                  | 15,211  | 15,211          |
| <b>Total comprehensive income for the<br/>period</b> | <b>-</b>               | <b>-</b>                    | <b>-</b>           | <b>15,211</b>                                     | <b>15,211</b>   |
| <b>Balance as of 31 December 2025</b>                | <b>12,799</b>          | <b>12,465</b>               | <b>1,300</b>       | <b>19,789</b>                                     | <b>46,353</b>   |

## Separate Cash Flow Statement for the year ended December 31

|   | Note | 31.12.2025      | 31.12.2024      |
|---|------|-----------------|-----------------|
|   |      | thousand<br>BGN | thousand<br>BGN |
| <b>Operational activity</b>                             |      |                 |                 |
| Bets received from customers                            |      | 573,200         | 596,778         |
| Paid winnings and returned deposits                     |      | (442,497)       | (468,200)       |
| Payments to suppliers                                   |      | (69,104)        | (68,951)        |
| Payments to personnel and social security institutions  |      | (13,300)        | (9,524)         |
| Payments for taxes on gambling activities               |      | (26,247)        | (25,517)        |
| Corporate tax payments                                  |      | (2,388)         | (1,688)         |
| Other cash flows, net                                   |      | (2,641)         | (1,776)         |
| <b>Net cash flow from operating activities</b>          |      | <b>17,023</b>   | <b>21,122</b>   |
| <b>Investment activity</b>                              |      |                 |                 |
| Acquisition and capital increase of subsidiaries        |      | (7,317)         | (4,827)         |
| Acquisition and increase of interests in joint ventures |      | -               | (1,238)         |
| Purchase of financial assets and investments            |      | -               | (11,452)        |
| Advances granted for investments                        |      | -               | (5,026)         |
| Proceeds from maturing issues and sold investments      |      | 3,916           | 33,595          |
| Loans provided  |      | (1,782)         | (486)           |
| Cash flows related to the purchase of fixed assets      |      | (165)           | (858)           |
| Proceeds from loans granted                             |      | 16              | -               |
| Interest received                                       |      | 10              | 3               |
| <b>Net cash flow from investing activities</b>          |      | <b>(5,322)</b>  | <b>9,711</b>    |
| <b>Financial activity</b>                               |      |                 |                 |
| Dividends paid  |      | (16,202)        | (27,711)        |
| Payments for the redemption of own shares               |      | (2,938)         | (598)           |
| Lease payments  |      | (292)           | (279)           |
| <b>Net cash flow from financing activities</b>          |      | <b>(19,432)</b> | <b>(28,588)</b> |
| Currency revaluations                                   |      | (66)            | (77)            |
| <b>Net change in cash and cash equivalents</b>          |      | <b>(7,797)</b>  | <b>2,168</b>    |
| Cash and cash equivalents at the beginning of the year  |      | <b>27,990</b>   | <b>25,822</b>   |
| Cash and cash equivalents at the end of the period      | 9    | <b>20,193</b>   | <b>27,990</b>   |

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

### 1. Basis for preparing the annual independent financial statement

These annual separate financial statements for the period ended 31 December 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. They do not contain all the information required for the preparation of full annual financial statements in accordance with IFRS and should be read in conjunction with the annual separate financial statements of the Company as of 31 December 2024, prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). For 2025, the Company will submit an audited annual separate financial statement by 31.03.2026.

These financial statements are prepared in Bulgarian leva, which is the functional currency of the Company. All amounts are presented in thousands of leva (BGN thousand) (including comparative information for 2024), unless otherwise stated.

The Management of the Company responsible for the preparation and fair presentation of the information in these financial statements.

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

The separate financial statements have been prepared on a going concern basis.

### 2. Intangible assets

|   | <b>Licenses</b>     | <b>Software products</b> | <b>Total thousand</b> |
|---|---------------------|--------------------------|-----------------------|
|   | <b>thousand BGN</b> | <b>thousand BGN</b>      | <b>BGN</b>            |
| <b>Gross book value</b>                       |                     |                          |                       |
| Balance as of 1 January 2025                  | 925                 | 215                      | 1,140                 |
| Newly acquired assets purchased               | -                   | -                        | -                     |
| Decommissioned                                | -                   | -                        | -                     |
| <b>Balance as of 31 December 2025</b>         | <b>925</b>          | <b>215</b>               | <b>1,140</b>          |
| Depreciation                                  |                     |                          |                       |
| <b>Balance on 1 January 2025</b>              | <b>(279)</b>        | <b>(130)</b>             | <b>(409)</b>          |
| Accrued depreciation                          | (168)               | (17)                     | (185)                 |
| Depreciation written off                      | -                   | -                        | -                     |
| <b>Balance as of 31 December 2025</b>         | <b>(447)</b>        | <b>(147)</b>             | <b>(594)</b>          |
| <b>Carrying amount as of 31 December 2025</b> | <b>478</b>          | <b>68</b>                | <b>546</b>            |

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

|                         | Computers and peripherals | Economic inventory | Equipment and fixed assets | Transport means | Right-of-use assets - properties | Total        |
|-------------------------|---------------------------|--------------------|----------------------------|-----------------|----------------------------------|--------------|
|                         | thousand BGN              | thousand BGN       | thousand BGN               | thousand BGN    | thousand BGN                     | thousand BGN |
| <b>Gross book value</b> | <b>356</b>                | <b>111</b>         | <b>63</b>                  | <b>30</b>       | <b>1,152</b>                     | <b>1,712</b> |

Balance as of 1 January 2025

|   |              |             |             |             |              |                |
|---|--------------|-------------|-------------|-------------|--------------|----------------|
| Newly acquired assets purchased               | 151          | 13          | 2           | -           | -            | 166            |
| <b>Balance as of 31 December 2025</b>         | <b>507</b>   | <b>124</b>  | <b>65</b>   | <b>30</b>   | <b>1,152</b> | <b>1,878</b>   |
| <b>Depreciation</b>                           |              |             |             |             |              |                |
| Balance on 1 January 2025                     | (159)        | (33)        | (26)        | (22)        | (461)        | (701)          |
| Accrued depreciation                          | (67)         | (17)        | (10)        | (7)         | (230)        | (331)          |
| <b>Balance as of 31 December 2025</b>         | <b>(226)</b> | <b>(50)</b> | <b>(36)</b> | <b>(29)</b> | <b>(691)</b> | <b>(1,032)</b> |
| <b>Carrying amount as of 31 December 2025</b> | <b>281</b>   | <b>74</b>   | <b>29</b>   | <b>1</b>    | <b>461</b>   | <b>846</b>     |

#### 4. Investments in subsidiaries

| Name of the subsidiary                           | Main activity  | Country  | 31.12.2025    |                   | 31.12.2024    |                   |
|--|--|----------|---------------|-------------------|---------------|-------------------|
|  |  |          | thousand BGN  | participation (%) | thousand BGN  | participation (%) |
| CT Interactive Ltd.                              | Provision for use and rental, creation, modifying and developing new software products for online games                              | Bulgaria | 14,260        | 100               | 12,660        | 100               |
| Miland Games Ltd                                 | Development, maintenance, modification, distribution, licensing and provision for use of gaming software, software and online access | Bulgaria | 800           | 60                |               |                   |
| Telematic Sport AD                               | Research and development of software for sports betting platforms, rental of software products                                       | Bulgaria | 5,867         | 60                |               |                   |
| Palmsbet Curacao BV                              | Online casino platform and sports bets   | Curacao  | 598           | 100               | 693           | 100               |
| TIB Consult Sociedad Anonima(TIB Consult S.A.C.) | Payment operator of online casino platform   | Peru     | 5,792         | 99                | 2,368         | 99                |
|  |  |          | <b>27,317</b> |                   | <b>15,721</b> |                   |

Accrued impairment of Palmsbet Curacao BV - BGN 121 thousand.

#### 5. Investments in joint ventures

| Country of | 31.12.2025 | 31.12.2024 |
|------------|------------|------------|
|------------|------------|------------|

| Names of the joint venture | incorporation               | thousand | participation | thousand | participation |
|----------------------------|-----------------------------|----------|---------------|----------|---------------|
|                            |                             | BGN      | (%)           | BGN      | (%)           |
| 77 BITS BSC LLC Bitola     | Republic of North Macedonia | 2,327    | 50            | 3,473    | 50            |
|                            |                             | 2,327    |               | 3,473    |               |

Accrued impairment of the investment in 77 BITS BSC LLC in the amount of BGN 1,146 thousand.

## 6. Advances paid and other receivables

|                  | 31.12.2025   | 31.12.2024   |
|------------------|--------------|--------------|
|                  | thousand BGN | thousand BGN |
| Prepaid expenses |              | 319          |
| Advances granted |              | 698          |
| Others           |              | 285          |
|                  |              | 1,302        |
|                  |              | 1,119        |

## 7. Related party transactions

The Company's related parties include the owners, subsidiaries, companies under common control, key management personnel and others described below.

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

Receivables from related parties total BGN 3,586 thousand (2024 BGN 1,900 thousand), of which receivables from loans granted amount to BGN 3,121 thousand, interest in the amount of BGN 239 thousand and BGN 226 thousand receivables of a commercial nature. Loans granted to related parties are unsecured and with an agreed market interest rate.

The Company reports liabilities to related parties in the amount of BGN 846 thousand (2024 BGN 176 thousand) of a commercial nature and liabilities for dividends in the amount of BGN 3,200 thousand (2024 BGN 3,620 thousand)

The Company has not received any guarantees from related parties, nor has it provided any guarantees in favor of related parties.

|  | 31.12.2025   | 31.12.2024   |
|--|--------------|--------------|
|  | thousand BGN | thousand BGN |
| <b>7.1 Transactions with owners</b>        |              |              |
| Service purchases                          | 103          | 61           |
| Dividends distributed                      | 15,782       | 26,157       |
| Dividends paid                             | 16,202       | 27,711       |
| Accrued investment income                  | 35           | -            |
| <b>7.2. Transactions with subsidiaries</b> |              |              |
| Service purchases                          | 6,686        | 4,499        |
| Capital contributions made                 | 11,718       | 4,827        |
| Loans provided                             | 1,492        | -            |

|                  |    |    |
|------------------|----|----|
| Accrued interest | 71 | 20 |
|------------------|----|----|

### 7.3. Transactions with joint ventures

|                               |    |       |
|-------------------------------|----|-------|
| Additional cash contributions | -  | 1,238 |
| Loan granted                  | -  | 135   |
| Accrued interest              | 14 | 11    |

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

|                                 |        |       |
|---------------------------------|--------|-------|
| Purchases of services and goods | 14,331 | 4,426 |
| Loans provided                  | 173    | 351   |
| Accrued interest                | 63     | 41    |

### 7.5. Transactions with key management personnel

The Company's key management personnel include the members of the board of directors and senior management personnel.

Key management personnel remuneration includes the following expenses:

|                           | 31.12.2025   | 31.12.2024   |
|---------------------------|--------------|--------------|
|                           | thousand BGN | thousand BGN |
| Short-term rewards:       |              |              |
| Salaries, including:      | 381          | 557          |
| bonuses                   | 133          | 165          |
| Social security costs     | 7            | 12           |
| <b>Total remuneration</b> | <b>388</b>   | <b>569</b>   |

### 7.6. Settlements with related parties at the end of the period

|   | 31.12.2025   | 31.12.2024   |
|---|--------------|--------------|
|   | thousand BGN | thousand BGN |
| <b>Non-current receivables from:</b>                      |              |              |
| - subsidiaries  | 392          | -            |
| - other related parties under common control              | 1,110        | 951          |
| <b>Total non-current receivables from related parties</b> | <b>1,502</b> | <b>951</b>   |
| <b>Current receivables from:</b>                          |              |              |
| - owners  | 35           | -            |
| - subsidiaries  | 1,631        | 480          |
| - joint ventures  | 160          | 146          |
| - other related parties under common control              | 258          | 323          |
| Total current receivables from related parties            | <b>2,084</b> | <b>949</b>   |
| <b>Total receivables from related parties</b>             | <b>3,586</b> | <b>1,900</b> |
| <b>Current liabilities to:</b>                            |              |              |
| - owners for dividends                                    | 3,200        | 3,620        |

|   |              |              |
|---|--------------|--------------|
| - subsidiaries  | 287          | 115          |
| - other related parties under common control for supplies | 559          | 61           |
| <b>Total current liabilities to related parties</b>       | <b>4,046</b> | <b>3,796</b> |
| <b>Total liabilities to related parties</b>               | <b>4,046</b> | <b>3,796</b> |

## 8. Financial assets at fair value

|   | <b>31.12.2025</b>   | <b>31.12.2024</b>   |
|---|---------------------|---------------------|
|   | <b>thousand</b>     | <b>thousand</b>     |
|   | <b>BGN</b>          | <b>BGN</b>          |
| <b>8.1. Long-term financial assets</b>                              |                     |                     |
| Equity instruments at fair value through other comprehensive income |                     |                     |
| Over-the-counter equity instruments                                 | 300                 | 300                 |
|   | <u>300</u>          | <u>300</u>          |
| <b>8.2. Short-term financial assets</b>                             |                     |                     |
| Debt instruments at fair value through profit or loss               |                     |                     |
| Money market fund   | 5,017               | 8,777               |
|   | <u>5,017</u>        | <u>8,777</u>        |
| <b>Total</b>  | <b><u>5,317</u></b> | <b><u>9,077</u></b> |

## 9. Cash and cash equivalents

Cash and cash equivalents include the following items:

|                                  | <b>31.12.2025</b>    | <b>31.12.2024</b>    |
|----------------------------------|----------------------|----------------------|
|                                  | <b>thousand</b>      | <b>thousand</b>      |
|                                  | <b>BGN</b>           | <b>BGN</b>           |
| Cash                             | 1,864                | 1,623                |
| Cash in banks                    | 522                  | 4,881                |
| Cash in payment operators        | 17,807               | 21,486               |
| <b>Cash and cash equivalents</b> | <b><u>20,193</u></b> | <b><u>27,990</u></b> |

The amount of cash and cash equivalents that serve as collateral for possible receivables for card payments under transactions with payment operators of the Company as of 31 December 2025 is BGN 272 thousand (31 December 2024 is BGN 322 thousand).

The Company has performed an assessment of expected credit losses on cash and cash equivalents. The estimated value is less than 0.5% of the gross value of cash deposited with financial institutions, therefore it is determined to be immaterial and has not been accrued in the Company's financial statements.

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

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

The shares of the 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.

During the reporting period, according to the decision of the General Meeting of Shareholders of 11.03.2024,

the Company has repurchased another 134,536 of its own shares, which together with those acquired in 2024 make a total of 168,397 pcs. of 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 attributable to the repurchased shares is BGN 2,803 thousand.

According to a decision of the Board of Directors, 2,800 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 at the end of the reporting period, 4,483 shares of the repurchased shares for 98 thousand BGN were transferred.

The available repurchased shares as of 31.12.2025 are 161,144 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 company at the end of the reporting period.

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

## Earnings per share

Basic earnings per share are calculated based on net profit attributable to shareholders and the weighted average number of shares of the Company, as follows:

|  | <b>31.12.2025</b> | <b>31.12.2024</b> |
|--|-------------------|-------------------|
| Profit subject to distribution (in BGN)            | 15,211,424        | 20,265,358        |
| Weighted average number of shares                  | 12,838,652        | 12,947,129        |
| <b>Basic earnings per share (in BGN per share)</b> | <b>1.18</b>       | <b>1.57</b>       |

For the period, the 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.

## 11. Personnel remuneration

### 11.1. Personnel costs

Personnel remuneration costs include:

|                        | 31.12.2025      | 31.12.2024      |
|------------------------|-----------------|-----------------|
|                        | thousand BGN    | thousand BGN    |
| Salary expenses        | (12,140)        | (9,257)         |
| Social security costs  | (1,841)         | (1,341)         |
| <b>Personnel costs</b> | <b>(13,981)</b> | <b>(10,598)</b> |

### 11.2. Obligations to personnel

Liabilities to personnel recognized in the statement of financial position consist of the following amounts:

|  | <b>31.12.2025</b> | <b>31.12.2024</b> |
|--|-------------------|-------------------|
|  | thousand BGN      | thousand BGN      |
| Current:   |                   |                   |
| Current remuneration   | 1,011             | 991               |
| Provisions for unused staff leave                            | 340               | 340               |
| Provision for bonuses due to members of the management board | 141               | 66                |

|  |       |       |
|--|-------|-------|
| Insurance obligations in relation to personnel     | 214   | 149   |
| Current pension and other liabilities to the staff | 1,706 | 1,546 |

The current portion of the liabilities to personnel represent liabilities to current and former employees of the Company, which should be settled in 2026. Other short-term liabilities to personnel arise mainly in connection with accumulated unused vacation leave at the end of the reporting period.

## 12. Commercial and other liabilities

|                   | 31.12.2025   | 31.12.2024   |
|-------------------|--------------|--------------|
|                   | thousand BGN | thousand BGN |
| Trade liabilities | 3,351        | 3,195        |
| Other liabilities | 9            | 24           |
|                   | <b>3,360</b> | <b>3,219</b> |

## 13. Income from bets received

|  | 31.12.2025     | 31.12.2024     |
|--|----------------|----------------|
|  | thousand BGN   | thousand BGN   |
| Betting income   | 131,170        | 128,221        |
| Revenue from sale of other services                                      | 54             | 77             |
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> | <b>131,224</b> | <b>128,298</b> |
| Other income   | 47             | 5              |
| <b>Revenue outside the scope of IFRS 15</b>                              | <b>47</b>      | <b>5</b>       |
| <b>Total revenue</b>   | <b>131,271</b> | <b>128,303</b> |

The Company recognizes as income the amount of bets placed, less the amounts that are due to customers and the incentives it provides to its customers.

|  | 31.12.2025     | 31.12.2024     |
|--|----------------|----------------|
|  | thousand BGN   | thousand BGN   |
| Realized revenues by type of activity: |                |                |
| Casino games                           | 117,778        | 117,571        |
| Sports betting                         | 13,392         | 10,650         |
|  | <b>131,170</b> | <b>128,221</b> |

The main part of the Company's revenues is realized on the domestic market, with the share of customers outside the country being insignificant. Other operating revenues amounting to BGN 101 thousand are formed from rents, additional services and write-off of liabilities.

## 14. Costs for external services

|                | 31.12.2025   | 31.12.2024   |
|----------------|--------------|--------------|
|                | thousand BGN | thousand BGN |
| Advertisement  | (27,710)     | (24,131)     |
| Game providers | (23,713)     | (23,956)     |
| Bank fees      | (11,210)     | (11,940)     |

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| Software services             | (2,174)         | (1,922)         |
| Communications and utilities  | (1,698)         | (1,390)         |
| Technical support             | (899)           | (709)           |
| Accounting and legal services | (495)           | (650)           |
| Consulting services           | (229)           | (540)           |
| Rentals                       | (101)           | (98)            |
| Others                        | (127)           | (161)           |
|                               | <b>(68,356)</b> | <b>(65,497)</b> |

#### 15. Other expenses

|   | 31.12.2025      | 31.12.2024      |
|---|-----------------|-----------------|
|   | thousand BGN    | thousand BGN    |
| Fees under the Gambling Act                         | (26,472)        | (25,951)        |
| Withholding tax expenses                            | (479)           | (517)           |
| Additional subject and material bonuses and rewards | (706)           | (947)           |
| Other expenses                                      | (2,145)         | (1,806)         |
|   | <b>(29,802)</b> | <b>(29,221)</b> |

#### 16. Financial income and expenses

|  | 31.12.2025   | 31.12.2024   |
|--|--------------|--------------|
|  | thousand BGN | thousand BGN |
| Interest income  | 154          | 98           |
| Gains from financial instruments measured at fair value through profit or loss | 155          | 747          |
| Income from equity participations  | 35           | -            |
| Gains from foreign exchange revaluation of cash, receivables and payables      | 28           | 111          |
| <b>Financial income</b>  | <b>372</b>   | <b>956</b>   |
| Interest expenses  | (36)         | (58)         |
| Losses from currency revaluation of cash, receivables and payables             | (218)        | (127)        |
| Losses on financial instruments measured at fair value through profit or loss  | -            | (3)          |
| Other financial expenses   | -            | (6)          |
| <b>Financial costs</b>   | <b>(254)</b> | <b>(194)</b> |

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

The dividend approved for distribution at the company's general meeting on December 16, 2025 in the amount of BGN 3,200 thousand was paid in full at the beginning of 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**  
By decision of 31.01., 26.02. and 28.08. 2025, TIB increased the capital of TIB Consult SAC, Peru by BGN 1.71 million, respectively (of which BGN 1.1 million contributed) and by 1.7 million BGN, 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 1 million BGN. By a decision of 24.06.2025 by 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 600,000 BGN to 14,260,000 BGN. After the capital increase, the shareholding of Telematic Interactive Bulgaria AD continues to be 100% of the capital.  
On 11.09.25, TIB acquired 60% of the capital of Miland Games Ltd., a company developing game content. The value of the transaction is BGN 800 thousand. The payment is divided in 4 equal installments over the next one year.  
On 04.09.25, TIB 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 € 3 million. BGN. The payment is spread over 4 equal installments over the next one year.
- 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.

Chairperson of the Board of Directors:

Digitally signed by DESISLAVA PEEVA PANOVA

Date: 2026.01.30 17:20:07 +02'00'

*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 29 pages.*

*Translator: Ivan Nikolaev Gospodinov*