

REPORTING PERIOD**31 DECEMBER 2021****CONSOLIDATED FINANCIAL STATEMENTS**



CONTENT

<i>CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021</i>	<i>3</i>
<i>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF DECEMBER 31, 2021</i>	<i>5</i>
<i>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31, 2021</i>	<i>6</i>
<i>CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOW AS OF DECEMBER 31, 2021</i>	<i>7</i>
<i>EXPLANATORY NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS</i>	<i>8</i>
<i>ANNUAL REPORT ON BUSINESS ACTIVITIES</i>	<i>60</i>
<i>ADDITIONAL INFORMATION UNDER APPENDIX 11 TO ORDINANCE 2</i>	<i>89</i>
<i>DECLARATION FOR CORPORATE GOVERNANCE</i>	<i>100</i>
<i>DECLARATION UNDER ARTICLE 100</i>	<i>117</i>



ALLTERCO JSCo
Unified Identification Code (UIC): 201047670

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

Unless otherwise stated, all amounts are in BGN thousand.

ASSETS	Notes	December 31, 2021	December 31, 2020
Non-current assets			
Property, plant and equipment	3.01	4 798	5 062
Intangible assets	3.02	3 116	3 643
Advances for acquisition of assets		19	-
Assets with right of use	3.03	108	46
Goodwill	3.04	160	2 801
Investments in associated companies	3.05	40	-
Other long-term capital investments	3.06	2 624	6 566
Trade receivables	3.07	2 054	-
Deferred tax assets	3.08	72	485
Total non-current assets		12 991	18 603
Current assets			
Inventory	3.09	7 560	3 660
Trade receivables	3.10	19 167	13 948
Other receivables	3.11	1 912	709
Cash and cash equivalents	3.12	30 541	26 050
Prepaid expenses	3.13	234	42
Total current assets		59 414	44 409
Non-current assets classified as held for sale and assets included in disposal groups classified as held for sale	3.14	-	2 681
TOTAL ASSETS		72 405	65 693

Date: 29 April 2022

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The consolidated statement of financial position should be read in conjunction with the explanatory notes set out on pages from 8 to 59, which form an integral part of the financial statements attached.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

LIABILITIES	Notes	December 31, 2021	December 31, 2020
Non-current liabilities			
Bank loans	3.15	2 007	2 518
Lease liabilities	3.16	80	31
Total non-current liabilities		2 087	2 549
Current liabilities			
Current share of bank loans	3.15	572	511
Current share of lease liabilities	3.16	58	75
Trade payables	3.17	1 487	1 387
Payables to employees	3.18	173	194
Social security liabilities		115	96
Tax liabilities	3.19	1 315	395
Other liabilities	3.20	1 026	1015
Total current liabilities		4 746	3 673
Liabilities related to non-current assets classified as held for sale and assets included in disposal groups classified as held for sale		-	2 635
TOTAL LIABILITIES		6 833	8 857
EQUITY			
Registered capital	3.21	18 000	18 000
Retained earnings	3.22	39 394	26 938
Reserves	3.23	1 800	1 500
Reserve from issue of shares	3.24	5 403	5 703
Treasury shares		-	(138)
Other comprehensive income	3.25	1 036	4 849
Foreign exchange rate differences from translation of financial statements of foreign operations		(61)	280
Equity attributable to the holders of the parent-company's equity		65 572	57 132
Minority interest		-	(296)
TOTAL EQUITY		65 572	56 836
TOTAL LIABILITIES AND EQUITY		72 405	65 693

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
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1, 2021 – DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

	Notes	2021	2020 (reclassified)
Revenue from sale	4.01	59 509	46 342
Cost price of sales	4.01	(26 722)	(24 648)
Gross profit		32 787	21 694
Other operating income	4.02	1 498	1 013
Sales and marketing expenses		(2 696)	(542)
Administrative expenses	4.03	(12 170)	(8 699)
Other operating expenses	4.04	(713)	(1 115)
Profit from operating activities		18 706	12 351
Financial income	4.05	250	3 446
Financial expenses	4.06	(266)	(849)
Share in the profit of associated companies	2.11.7	32	-
Profit from the ordinary activities		18 722	14 948
Profit before tax on profit		18 722	14 948
Corporate profit tax income (expense)	4.07	(2 760)	(1 510)
Profit for the period from continuing operations		15 962	14 722
Profit/(loss) for the period from discontinued operations		-	(1 284)
Net profit		15 962	13 438
Other comprehensive income:			
Items that can be reclassified to the profit or loss			
From other long-term capital instruments		(3 573)	4 849
Foreign exchange rate differences from translation of statements of foreign operations		(95)	98
Foreign exchange rate differences of sold investments		(246)	-
Other comprehensive income for the period, after taxation		(3 914)	4 947
TOTAL COMPREHENSIVE INCOME		12 048	18 385
Net profit attributable to:			
Owners of the Parent-company		15 962	13 857
Minority interests		-	(419)
Other comprehensive income attributable to:			
Owners of the Parent-company		(3 914)	4 958
Minority interests		-	(11)
Total comprehensive income attributable to:			
Owners of the Parent-company		12 048	18 815
Minority interests		-	(430)
Net income per share		0.887	0.875

Date: 29 April 2022

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The consolidated statement of comprehensive income should be read in conjunction with the explanatory notes set out on pages from 8 to 59, which form an integral part of the financial statements attached.

Page 5 of 117



ALLTERCO JSCo
Unified Identification Code (UIC): 201047670

CONSOLIDATED FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDING ON DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

	Registered capital	Retained earnings	Share premium reserves	Reserves	Treasury shares	Foreign exchange rate differences from translation of fin. Stat. of foreign operations	Total	Minority interest	Total equity
Balance as of January 1, 2020	15 000	13 531	-	1 500	-	182	30 213	123	30 336
Capital increase	3 000	-	6 000	-	-	-	9 000	-	9 000
Expenses related to the increase of the capital	-	-	(297)	-	-	-	(297)	-	(297)
Total comprehensive income, including:	-	18 706	-	-	-	109	18 815	(430)	18 385
<i>Net Profit</i>	-	13 857	-	-	-	-	13 857	(419)	13 438
<i>Other comprehensive income</i>	-	4 849	-	-	-	109	4 958	(11)	4 947
Foreign exchange rate differences from translation of fin. Stat. of sold foreign operations	-	-	-	-	-	(11)	(11)	-	(11)
Distribution of dividends	-	(450)	-	-	-	-	(450)	-	(450)
Change in minority interest	-	-	-	-	-	-	-	11	11
Treasury shares	-	-	-	-	(138)	-	(138)	-	(138)
Balance as of December 31, 2020	18 000	31 787	5 703	1 500	(138)	280	57 132	(296)	56 836
Balance as of January 1, 2021	18 000	31 787	5 703	1 500	(138)	280	57 132	(296)	56 836
Transfer to reserves	-	-	(300)	300	-	-	-	-	-
Total comprehensive income, including:	-	12 389	-	-	-	(341)	12 048	-	12 048
<i>Net Profit</i>	-	15 962	-	-	-	-	15 962	-	15 962
<i>Other comprehensive income</i>	-	(3 573)	-	-	-	(341)	(3 914)	-	(3 914)
Other movements	-	(240)	-	-	-	-	(240)	-	(240)
Dividend distribution	-	(3 600)	-	-	-	-	(3 600)	-	(3 600)
Sale of treasury shares	-	-	-	-	138	-	138	-	138
Change in minority interest	-	(296)	-	-	-	-	(296)	296	-
Effect from sale of subsidiaries	-	390	-	-	-	-	390	-	390
Balance as of December 31, 2021	18 000	40 430	5 403	1 800	-	(61)	65 572	-	65 572

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The consolidated statement of changes in equity should be read in conjunction with the explanatory notes set out on pages from 8 to 59, which form an integral part of the financial statements attached.

Page 6 of 117



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Unified Identification Code (UIC): 201047670

CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOW

FOR THE PERIOD JANUARY 1, 2021 – DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

	Notes	2021	2020
<u>Cash flows from operating activity</u>			
Proceeds from clients		57 364	47 320
Payments to suppliers		(36 973)	(31 199)
Payments related to financial assets held for trade		-	(138)
Payments for taxes		(3 218)	(2 854)
Paid corporate tax		(2 087)	(2 468)
Payments to employees and social security		(6 972)	(6 238)
Cash flow from positive (negative) exchange rate differences		150	(94)
Other proceeds/payments, net		(139)	(272)
<i>Net cash flows from operating activities</i>		8 125	4 057
<u>Cash flow from investment activities</u>			
Cash flows related to non-current tangible and intangible assets		(1 583)	(2 869)
Cash from sale of fixed assets		44	10
Sale of investments		2 054	4 786
Purchase of investments		(18)	-
<i>Net cash flows from investment activities</i>		497	1 927
<u>Cash flow from financing activities</u>			
Proceeds from capital increase		-	9 000
Financial leasing payments		(75)	(124)
Loans received		-	880
Loans paid		(502)	(775)
Cash flows related to interest and commissions		(73)	(80)
Dividend paid		(3 436)	(248)
Other income / payments, net		(45)	552
<i>Net cash flow from financing activities</i>		(4 131)	9 205
<i>Net increase in available cash and cash equivalents for the period</i>		4 491	15 189
Available cash and cash equivalents in the beginning of the period		26 050	10 931
<i>Available cash and cash equivalents at the end of the period</i>	3.12	30 541	26 120
<i>Available cash, assets held for sale</i>		-	(70)
<i>Available cash and equivalents at the end of the period</i>		30 541	26 050

Date: 29 April 2022

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The consolidated statement of cash flow should be read in conjunction with the explanatory notes set out on pages from 8 to 59, which form an integral part of the financial statements attached.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

TABLE OF CONTENT

1.	Information about the Group.....	11
1.1.	Legal status	11
1.2.	Ownership and Management	11
1.3.	Scope of Activities.....	12
1.4.	Group structure	12
2.	Basics of preparation of financial statements and accounting policies	13
2.1.	General framework of financial reporting.....	13
2.2.	Initial application of new and amended IFRSs in force for the current accounting period	13
2.3.	Accounting principles.....	16
2.4.	Comparative data.....	16
2.5.	Functional currency and recognition of currency exchange rate differences	16
2.6.	Transactions and balances.....	17
2.7.	Assumptions.....	18
2.8.	Subsidiaries and associated companies.....	18
2.9.	Minority interest	18
2.10.	Consolidation	18
2.11.	Definition and assessment of the items in the consolidated financial statements	19
2.11.1.	Revenues.....	19
2.11.2.	Expenses	21
2.11.3.	Property, plant and equipment	21
2.11.4.	Intangible assets.....	23
2.11.5.	Goodwill.....	23
2.11.6.	Other long-term capital investments.....	24
2.11.7.	Investments in Associated companies.....	24
2.11.8.	Non-current assets held for sale	25
2.11.9.	Inventories	25
2.11.10.	Financial instruments.....	25
2.11.11.	Cash and cash equivalent	28
2.11.12.	Leasing.....	29
2.11.13.	Provisions	30
2.11.14.	Liabilities to employees.....	30
2.11.15.	Share capital.....	31
2.11.16.	Income tax expenses	32
2.11.17.	Earnings per share.....	33
2.11.18.	Judgments that are crucial in applying accounting policies of the Group.....	33



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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

2.11.19.	Fair values.....	34
3.	Notes to the consolidated statement of financial position.....	35
3.01.	Property, plant and equipment.....	35
3.02.	Intangible assets.....	36
3.03.	Assets with right of use.....	37
3.04.	Goodwill.....	37
3.05.	Investments in associated companies.....	38
3.06.	Other long-term capital investments.....	38
3.07.	Long-term trade receivables.....	38
3.08.	Deferred tax assets.....	39
3.09.	Inventories.....	39
3.10.	Trade receivables.....	40
3.11.	Other receivables.....	40
3.12.	Cash and cash equivalents.....	41
3.13.	Prepaid expenses.....	41
3.14.	Non-current assets classified as held for sale and assets included in disposal groups classified as held for sale	41
3.15.	Bank loans.....	42
3.16.	Lease.....	43
3.17.	Trade payables.....	43
3.18.	Payables to employees.....	43
3.19.	Tax liabilities.....	44
3.20.	Other liabilities.....	44
3.21.	Registered capital.....	44
3.22.	Retained earnings.....	45
3.23.	Reserves.....	45
3.24.	Reserve from issue of shares.....	45
3.25.	Other comprehensive income.....	46
4.	Notes to the consolidated statement of comprehensive income.....	46
4.01.	Sales revenue and cost price of sales.....	46
4.02.	Other operating income.....	46
4.03.	Administrative expenses.....	47
4.04.	Other operating expenses.....	47
4.05.	Financial income.....	48
4.06.	Financial expenses.....	48
4.07.	Tax expenses.....	48
5.	Contingent liabilities and commitments.....	49
6.	Transactions with related parties.....	49
7.	Financial instruments by category.....	50

*ALLTERCO JSCo**Unified Identification Code (UIC): 201047670*

*EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021*

Unless otherwise stated, all amounts are in BGN thousand.

8.	Financial risk management	51
9.	Fair value	56
10.	Events after the end of reporting period.....	57



ALLTERCO JSCo

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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

1. Information about the Group**1.1. Legal status**

Allterco JSCo (the mother company), Sofia, is entered in the Commercial Register of the Registry Agency with UIC as per Bulstat (Unified Identification Code as per the Bulgarian Statistical Register): 201047670 and LEI code 8945007IDGKD0KZ4HD95. The company is with registered office and address of management in Bulgaria, Sofia 1407, 103, Cherni Vrah Blvd. No changes in the seat, address or the name of the company were made during the reporting period. The initial registered capital was BGN 5,488,000 (five million four hundred and eighty-eight thousand), distributed in 5,488,000 ordinary registered voting shares with nominal value of BGN 1.00 each. At the end of 2015, the capital was increased to BGN 13,500 thousand through cash and non-cash contributions. At the end of 2016, the capital was increased to BGN 15,000 thousand after the successful Initial Public Offering on the Bulgarian Stock Exchange. In 2020, the capital was increased to BGN 18,000 thousand as a result of a procedure for Secondary Public Offering of a new issue of shares. The public offering of shares was carried out in the period September 28, 2020 – October 30, 2020 on the basis of a Prospectus, together with the supplements to it, confirmed by the Financial Supervision Commission with Decision № 148-F of February 18, 2020, Decision № 405-E of June 11, 2020, Decision № 601-E of August 13, 2020 and Decision № 791-E of October 29, 2020.

Since November 22, 2021 the shares of Allterco are traded on the Frankfurt Stock Exchange.

As of December 31, 2021 the Group is managed and represented by Svetlin Todorov and Dimitar Dimitrov jointly and separately.

Current financial statements are approved by the Board of Directors on 29 April, 2022

1.2. Ownership and Management

The Allterco Group includes Allterco JSCo. (the parent-company) and its subsidiaries, in which the parent-company has a direct or indirect controlling interest. Allterco JSCo. is a public company in Bulgaria under the Public Offering of Securities Act.

The distribution of the share capital of the company Allterco JSCo. as of 31 December 2021, is as follows:

Name	Number of shares:	% in the capital
Svetlin Todorov	5 847 120	32.48%
Dimitar Dimitrov	5 847 120	32.48%
Persons holding less than 5% of the capital		
Other physical persons and legal entities	6 305 759	35.04%
Total	17 999 999	100.00%

Allterco JSCo. is managed and represented by Svetlin Todorov and Dimitar Dimitrov.

As of December 31, 2021 members of the Board of Directors are:



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

- Dimitar Stoyanov Dimitrov
- Nikolay Angelov Martinov
- Svetlin Iliev Todorov

1.3. Scope of Activities

The scope of activities of Allterco JSCo includes the acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, assignment of licenses for use of patents to companies in which the Company participates; financing of companies in which the Company participates.

The scope of activities of group companies includes development, production and trade with IoT (Internet of Things) devices and management of real estate owned by the Group.

1.4. Group structure

As of December 31, 2021 the Group included Allterco JSCo. and the following subsidiaries:

Name of the company	December 31 2021	December 31 2020
	Percentage of participation	Percentage of participation
<i>In the country</i>		
<i>ALLTERCO TRADING OOD (Ltd)</i>	100%	100%
<i>ALLTERCO ROBOTICS EOOD (Solely-owned LLC)</i>	100%	100%
<i>ALLTERCO PROPERTIES EOOD (Solely-owned LLC)</i>	100%	100%

Name of the company	December 31 2021	December 31 2020
	Percentage of participation	Percentage of participation
<i>Abroad</i>		
<i>ALLTERCO PTE LTD., Singapore</i>	-	100%
<i>ALLTERCO SDN LTD., Malaysia</i>	-	100%
<i>ALLTERCO CO. LTD, Thailand</i>	-	49%
<i>ALLTERCO ROBOTICS INC, USA</i>	100%	100%
<i>ALLTERCO EUROPE GMBH, GERMANY</i>	100%	-

In the beginning of 2021 Allterco JSCo. acquired a stake in newly established (associated) company in China – Allterco Asia Ltd., with a seat and office in Shenzhen. The registered share capital of the newly registered company is CNY 100 000. Allterco acquired 30% stake and holds an option to acquire additional up to 50% extending its total shareholding up to 80%.

In September 2021 Allterco sold its participation in the capital of 3 Asian subsidiaries. See *Note 3.14* for more details about the deal.



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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

In December 2021 Allterco JSCo. established a new subsidiary in Germany. The name of the new subsidiary is Allterco Europe GmbH and its registered capital is EUR 500 000 and it is 100% owned by Allterco.

2. Basics of preparation of financial statements and accounting policies

2.1. General framework of financial reporting

The Group maintains its current accounting and prepares its financial statements in accordance with the requirements of the Bulgarian commercial and accounting legislation.

These financial statements have been prepared in accordance with the requirements of the International Accounting Standards, published by the International Accounting Standards Board and adopted by the European Union. As of December 31, 2021, IASs include the International Accounting Standards (IASs), the International Financial Reporting Standards (IFRSs), the Interpretations of the Standing Interpretation Committee and the Interpretations of the IFRS Interpretation Committee, approved by the IAS Committee and in power since January 1 20201.

The IAS Committee issues every year the standards and their interpretations, which after the formal approval by the EC, are valid for the year in which they are issued. However, a big part of them is not applicable to the company's business because of the specific issues that are addressed in them.

2.2. Initial application of new and amended IFRSs in force for the current accounting period

2.2.1. Accounting standards applicable for the current reporting period

The below mentioned amendments in the standards are adopted by the Commission of EU and are valid during 2021:

<i>Standard or Interpretation, date of amendment and date of implementation</i>	<i>Name of the Standard or Interpretation</i>	<i>Effect on individual financial statements of the Company</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, issued on 27 August 2020, valid for the periods starting at and after 1 January 2021	Interest Rate Benchmark Reform – Phase 2	No impact on the individual financial statements of the Company
Amendments to IFRS 4, issued on 25 June 2020, valid for periods starting at or after 1 January 2021	Insurance contracts – postponement of implementation of IFRS 9	No impact on the individual financial statements of the Company
Amendments to IFRS 16, issued on 31 March 2021, valid for periods starting at or after 1 April 2021	COVID 19 – discounts related to rents after 30 June 2021	No impact on the individual financial statements of the Company

Impact from the initial implementation of the Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

During the previous year the Amendments to IFRS 9/ IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1 change some specific requirements to accounting treatments of hedging in order to allow the



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

accounting treatment of affected hedges to continue in a period of uncertainty, before the hedged positions or instruments be changes as a result of the ongoing *Interest Rate Benchmark Reform*

During the current year the Amendments to *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*, allow the companies to recognize the effect from switching from the existing base interest rates (IBOR) to alternative base interest rates (called also “risk free” rates or RFR), without making accounting changes, which would not provide useful information to the readers of financial statements.

The goals of the amendments from Phase 2 are to help the companies in:

- a) the application of IFRS standards when changes are made in the agreed cash flows and hedging relationships due to the reform of the base interest rate; and
- b) providing useful information to the readers of financial statements.

The Phase 2 amendments to the requirements of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 refer to:

- a) changes in the principles for determining the contractually agreed cashflows from financial assets, financial liabilities and lease liabilities;
- b) reporting of hedging; and
- b) related notes.

The amendment made with Phase 2 apply only to changes required by the reform of benchmark interest for financial instruments and hedging relationships.

The amendments made with Phase 1 and Phase 2 do not have an effect on the Company as it does not use hedging on the positions owned, which are subject to risk of change in the benchmark interest rate.

Amendment to IFRS 4 Insurance Contracts – postponement of the application of IFRS 9

In June 2020 IASC issued *Amendments to IFRS 17* as a response to the importance and challenges for the application, which were identified after the release of IFRS 17. The amendments postpone the initial application of IFRS 17 (including amendments) for the annual financial periods starting at or after 1 January 2023.

At the same time IASC issues Prolongation of temporary relief from the application of *IFRS 9 (Amendment to IFRS 4)*, which prolonged the set date for the end of the temporary relief from application of IFRS 9 in IFRS 4 to the annual reporting period starting at or after 1 January 2023.

The amendments do not have an effect on the Company as it is not in the insurance business.

Amendments to IFRS 16 COVID 19 – discounts related to rents, applicable after 30 June 2021

In May 2020 IASC issued *Amendments to IFRS 16 - COVID 19 – discounts related to rents*. Those amendments provide relief to tenants for the reporting of discounts related to rent payments, which are a consequence of



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

COVID 19, introducing practical measures in IFRS 16. As practical measure the tenant may choose not to assess if a rent discount related to COVID 19 is change in the rent contract. The tenants that make this choice reports all payments related to the rent after the rent discount, in the same way this change would have been in the application of IFRS 16, should no change in the rent contract was made.

The practical measures apply only to the rent discounts resulting from COVID 19 pandemic and only if the below listed conditions are met:

- a) The change in rent payments leads to change in the rent contract as the amended remuneration does not exceed the rent remuneration immediately before the change;
- b) Any discount of rent payments concerns only the payments which were initially due on or before 30 June 2021 (for example a rent discount meets this requirement if it generates lower rent payments on or before 30 June 2021 as well as higher rent payments after 30 June 2021); and
- c) The remaining terms of the rent contract do not change substantially.

In March 2021 IASC issued *Amendments to IFRS 16 - COVID 19 – discounts related to rents after 30 June 2021*, which allow the rent reliefs to be applied to rent payments initially due on or before 30 June 2022.

The amendments do not affect the Group as it does not use and rent discounts related to rent payments as a result of COVID 19.

2.2.2. Standards and interpretations issues by International Accounting Standards Committee (IASC) and adopted by the EU Commission, which are still not applicable

<i>Standard or interpretation, date of amendment and enforcement</i>	<i>Name of the standard or interpretation</i>	<i>Date of adoption by EU Commission</i>
Amendments to IFRS 3, IAS 16 и IAS 37, issued on 14 May 2020, applicable to annual financial periods starting at or after 1 January 2022	Annual improvements 2018-2020	28 June 2021
IFRS 17 issued on 18 May 2017, including amendments to IFRS 17 issued on 25 June 2020, applicable to annual financial periods starting at or after 1 January 2023	Insurance contracts	19 November 2021

The Group did not apply the above-mentioned standards, which are adopted by the EU but still are not in force.

The management of the Group expects that the application of the above-mentioned contracts will not have significant effect on the individual financial statements of the Group for future periods.

2.2.3. Standards and clarifications issued by IASC awaiting adoption by the EU Commission

<i>Standard or clarification, date of amendment and enforcement</i>	<i>Name of the standard or clarification</i>	<i>Adoption status by EU Commission</i>
Amendments to IAS 1 issued on 23 January 2020 and 15 July 2020, in effect	Classification of liabilities as current or non-current and classification of assets	Waiting for a date of adoption



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021**

Unless otherwise stated, all amounts are in BGN thousand.

for annual financial periods starting at or after 1 January 2023	as current and non-current – postponement of enforcement date	
Amendments to IAS 1 issued on 12 February 2021, in effect for annual financial periods starting at or after 1 January 2023	Financial statements presentation and disclosure of accounting policies	Waiting for a date for adoption
Amendments to IAS 8 issued on 12 February 2021, in effect for annual financial periods starting at or after 1 January 2023	Accounting policies, Amendments in the accounting assessments and mistakes: Definition of accounting assessments	Waiting for a date for adoption
Amendments to IAS 12, issued on 7 May 2021, in effect for annual financial periods starting at on after 1 January 2023	Corporate profit tax: Deferred tax related to assets and liabilities arising from one deal	Waiting for a date for adoption
IFRS 17 issued on 9 December 2021, in effect for annual financial periods starting at or after 1 January 2023	Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparable data	Submitted for adoption by the Commission, expected to be adopted during the first quarter of 2022

2.3. Accounting principles

The consolidated financial statements of the Group have been prepared in accordance with the going concern principle. The latter assumes that the Group will continue to exist in the foreseeable future.

During the last reporting period the COVID-19 pandemic did not cause any negative effect on the business activities of the Group.

The Management has no plans or intentions to sell the business or discontinue the operations, which could significantly change the book value or classification of the assets and liabilities recognized in the financial statements.

The valuation of assets and liabilities and the measurement of income and expenses are carried out in compliance with the principle of historical cost. This principle has been modified in certain cases by revaluing certain assets and / or liabilities to their fair value at December 31 of the current or previous year, as set out below.

2.4. Comparative data

The Bulgarian legislation stipulates that the financial year ends on December 31 and the companies must present their financial statements at this date together with comparative data for the previous year. When necessary, the comparative data for the previous year is reclassified in order to obtain comparability between the data in the current and previous periods.

2.5. Functional currency and recognition of currency exchange rate differences

Functional and Reporting Currency

The accounting currency for the presentation of the elements of the consolidated financial statements is the Bulgarian Lev (BGN), which is the functional currency of Allterco JSCo.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

The data in the elements of the consolidated financial statements and the notes thereto are presented in thousands of BGN, unless explicitly stated otherwise. When presented in the financial statements and the explanatory notes, amounts over BGN 500 are rounded to BGN 1 thousand.

The Group's companies keep their accounting records in the functional currency of the country in which they operate. The effects of exchange rate differences related to the settlement of foreign currency transactions or the accounting of foreign exchange transactions at rates other than those at which they were initially recognized are included in the statement of comprehensive income at the time they occur, are treated as "other operating income and loss", except for those related to investments and loans denominated in foreign currency, which are presented as "investment income" and "financial expenses". Non-monetary assets and liabilities initially denominated in foreign currencies should be translated to the functional currency using the historical exchange rate at the date of the transaction and subsequently not revaluated at the closing exchange rate.

2.6. Transactions and balances

A transaction in foreign currency is recognized initially in the functional currency by applying the foreign currency exchange rate (spot) between the functional currency and the foreign currency at the time of the transaction or operation.

At each date of financial statement preparation:

(a) monetary positions, receivables and payables denominated in foreign currency are recalculated into the functional currency using the exchange rate published by the BNB on the last business day of the month of the report;

(b) non-monetary items held at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, if an exchange rate other than that of the transaction (average monthly, daily or other) is applied; and

(c) non-monetary items held at fair value in a foreign currency are recalculated using the exchange rates at the date when the fair value was determined.

Foreign currency exchange differences are recognized in accordance with IAS 21 the Effects of Changes in Foreign Exchange Rates.

The items of the consolidated statement of financial position and consolidated statement of comprehensive income of foreign companies of the Group, using a functional currency other than Bulgarian lev, are translated into BGN to be included in the consolidated statement of the group as follows

- All monetary and non-monetary assets and liabilities (including comparative information) are recalculated at the BNB closing exchange rate at the date of the relevant statement of financial position;
- The income and expense items of each comprehensive income statement are recalculated at the



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

accounting date at the weighted average exchange rate for the accounting year;

- All exchange rate differences obtained are recognized as other comprehensive income.
- The cumulative amount of these exchange rate differences is presented in a separate component of equity until the foreign operation is released.

2.7. Assumptions

The presentation of financial statements in accordance with International Financial Reporting Standards requires the management to make the best estimates, accruals and reasonable assumptions that have an effect on the reported values of assets and liabilities, of income and expenses, and of the disclosure of contingent receivables and liabilities. These estimates, accruals and assumptions are based on the best assessment using the available information at the date of preparation of the financial statements, and therefore future actual results may differ from the amounts presented in the current financial statements.

2.8. Subsidiaries and associated companies

Subsidiaries are the entities over which Allterco JSCo. exercises control as defined in IFRS 10 Consolidated Financial Statements.

The parent-company (the investor) controls the investee company if it has:

- Rights over the ownership of the subsidiary;
- Rights over the variable returns from its participation in the subsidiary;
- Ability to use its powers over the entity in order to influence the size of return on investment.

Subsidiaries are considered controlled starting from the date on which control is acquired by the Group and they cease to be consolidated on the date when the control have been lost.

Associated company is a company in which the Group has significant influence on decisions regarding operating and financial policies, but without being able to fully control those policies.

2.9. Minority interest

Minority interest is valued at the proportionate share of identifiable net assets at the acquisition date.

2.10. Consolidation

The consolidated financial statements of the Group include the financial statements of the parent company and the subsidiaries. All assets, liabilities, capital, income, expenses and cash flows of the group companies are presented as such as they belong to just one entity.

Subsidiaries are those entities that are controlled by the parent company. Control occurs when the parent company exercises its rights on variable return arising from its participation in the subsidiary's capital and has



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

the ability to influence this return from investment through its power. The consolidated financial statements have been prepared following the same accounting policies with respect to similar transactions and business facts of all companies in the group. All mutual interests, as well as significant internal transactions, balances and unrealized gains in the Group are eliminated and the financial statements are prepared using the full consolidation method. The financial results of operations of the subsidiaries are included in the consolidated financial statements from the date of acquisition of control over them and cease to be consolidated from the date on which such control is lost. When a subsidiary is acquired as a result of an internal group restructuring, its net assets and financial result are included from the beginning of the earliest accounting period presented in the financial statements.

2.11. Definition and assessment of the items in the consolidated financial statements

2.11.1. Revenues

Revenue from sales and operating expenses has been accrued at the time of their occurrence, regardless of cash receipts and payments. The accounting and recognition of revenue and expenses should be carried out in compliance with the requirement for a cause-consequence connection between them.

Revenue is measured at the fair value of the remuneration received or to be received or paid, less any discounts provided.

The Group recognizes revenue when the amount of revenue can be measured reliably, when it is possible for the Group to obtain future economic benefits, and when it meets specific criteria for each of the Group's activities, as specified below.

Amounts collected on behalf of third parties, such as sales taxes and value added tax, are excluded from revenue.

▪ *Revenue recognition under contracts with customers*

Revenues in the Group are recognized when the control over the goods and/or services promised in the contract with the customer are transferred to the customer. The control is transferred to the customer upon fulfilment of the contractual obligations by transferring the promised goods and/or rendering the promised services as in general the Group generally controls the goods or services before transferring them to the customer.

The Group recognizes revenue when it meets its obligations under the terms of the contract, by transferring the promised service to the customer. An asset (good or service) is recognized as transferred after the customer obtains control over that asset.

▪ *Evaluation of a contract with a customer*

There is a contract with a customer only when upon its entry into force it:

- ✓ it has a commercial nature and motive;



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

- ✓ the parties have approved it (orally, in writing or on the basis of "established and generally accepted business practice") and have undertaken to fulfil it;
- ✓ the rights of each party can be identified in relation to the goods or services to be transferred;
- ✓ payment terms can be identified; and
- ✓ there is a probability that the remuneration to which the company is entitled in the performance of its obligations will be received.

A contract for which one of the above criteria has not yet been met is subject to a new evaluation in each reporting period. Remuneration received under such a contract is recognized as a liability (liability under the contract) in the Statement of financial position until:

- ✓ all criteria for recognition of a contract with a customer are met;
- ✓ the company has fulfilled its obligations and has received all or almost all of the remuneration (which is not refundable); and / or
- ✓ when the contract is terminated and the remuneration received is not refundable.

In the initial evaluation of its contracts with customers, the Company makes an additional analysis and assessment of whether two or more contracts should be considered in their combination and should be reported as one and respectively whether the promised goods and / or services in each individual and / or combined contract must be accounted for as one and / or more performance obligations.

Any promise to transfer goods and / or services that are distinguishable (themselves and in the context of the contract) is accounted for as a single performance obligation.

The Company recognizes revenue for each *individual obligation to perform within an individual contract with a customer* by analyzing the type, term and conditions for each specific contract.

▪ **Measurement of revenues under contracts with customers**

The revenue is measured on the basis of the *transaction price* determined for each contract.

The *transaction price* is the amount of the remuneration to which the Company expects to be entitled, except for the amounts collected on behalf of third parties. In determining the transaction price, the Company takes into account the terms of the contract and its usual commercial practices.

▪ **Transaction price and payment terms**

The transaction price usually includes a fixed sale price, according to a general or customer price list.

▪ **Variable remuneration**

The Variable remuneration is included in the transaction price only to the extent that it is highly probable that no significant adjustment will be made to the amount of revenue recognized cumulatively.

Revenue from services

The company reports revenues from services, complying with the commitments under the contract. Revenues



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

from services are reported upon final completion of the services (by sites) recognized as performed.

Other income / revenues

Other income and revenues are recognized when the right to receive them is established.

The Group companies apply IFRS 15 and the management carefully examines its trade practices for possible changes at the time of revenue recognition. No change in the obligations for performance and the distribution of the price of the contracts and recognition of revenues is needed for the reporting period.

Depending on the nature of the activity and the contracts with the clients, the management has assessed the categories of revenue breakdown and has disclosed them in *Note 4.01*.

2.11.2. Expenses

The expenses of the Group are recognized at the time of their occurrence and on the basis of the accrual and comparability principles. Expenses are recognized when there is a decrease in future economic benefits associated with a decrease in an asset or an increase in a liability that can be measured reliably. Recognition of expenses for the current period is made when revenue is accrued. An expense is recognized immediately in the statement of comprehensive income when the expense does not create future economic benefits or when and to the extent that future economic benefits do not meet the requirements or cease to meet the requirements for recognition of an asset in the statement of financial position. Expenses are accounted for on an accrual basis and are comparable to recognized revenue. They are measured at the fair value of the remuneration paid or pending for payment.

Expenses for future periods shall be deferred for recognition as current expenses in the period in which the obligations under the contracts to which they refer, would be performed.

Financial expenses consist of interest expenses and other direct costs related to loans as well as bank fees and losses from foreign currency exchange.

2.11.3. Property, plant and equipment

Property, plant and equipment (non-current tangible assets) are presented in the financial statements at acquisition cost (cost price) less accumulated depreciation and impairment losses.

Initial evaluation

Upon initial acquisition, property, plant and equipment are evaluated at acquisition cost (cost price), which includes the purchase price, including customs charges and any directly attributable costs of bringing the asset to working condition. The direct costs are as follows: costs of site preparation, costs of initial delivering and handling, installation costs, costs for personnel remuneration fees related to the project, non-refundable taxes,



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

etc.

When acquiring property, plant and equipment on a deferred payment basis, the purchase price is equivalent to the present value of the liability, discounted on the basis of the interest rate on the borrowed resources of the company with a similar maturity and purpose. The difference between the cash price equivalent and the general payment is recognized as interest over the course of the loan unless it is capitalized in accordance with IAS 23.

Evaluation after recognition

The approach chosen by the Group for the subsequent evaluation of property, plant and equipment is the acquisition cost model - less any subsequent depreciation and any accumulated impairment losses.

For all other classes of non-current tangible assets, the company has applied the acquisition cost model.

Depreciation Methods

The Company uses the straight-line method of depreciation of non-current tangible assets. Depreciation of assets begins when they are available for use. The useful life by groups of assets is determined in accordance with: physical wear and tear, specifics of the equipment, future intentions for use and actual obsolescence.

The useful life by classes of assets is as follows:

Vehicles	4 years
Computer equipment	2-5 years
Office equipment	3- 6,67 years
Other non-current tangible assets	6,67 years

The determined useful life of non-current tangible assets is reviewed at the end of each year and, if significant deviations are found against future expectations for the useful life of the assets, it is adjusted prospectively.

Write off of non-current tangible assets

The book value of an item of property, plant and equipment is written off: when it is sold, when no other economic benefits are expected from its use, or when it is identified as missing.

Profits or losses arising on the write off of an item of property, plant and equipment are included in the statement of comprehensive income when the asset is written off (unless IAS 17 requires otherwise in a sale and leaseback). Profits and losses on disposals of non-current assets are determined by deducting the book value of the asset and the selling expenses from the proceeds from the sale (disposal). They are stated net, to "Other operating income" in the statement of comprehensive income. The portion of the revaluation reserve relating to the written off asset is transferred directly to retained earnings.

The receivable on disposal of an asset of property, plant and equipment is initially recognized at fair value.



2.11.4. Intangible assets

Intangible assets are presented in the financial statements at acquisition price (cost price) less accumulated depreciation and impairment losses. They include improvements to leased assets.

The Group applies a straight-line method of depreciation of intangible assets with a useful life of 2 years for the software products, 6.67 years for the software platform, 3 years for an ISO certificate.

The book value of the intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the book value amount could exceed their recoverable amount. Then the impairment is included as an expense in the statement of comprehensive income.

Initial assessment

Externally generated intangible assets on their acquisition are evaluated at acquisition price, which includes purchase price, import duties, non-refundable taxes and expenses of preparing the asset for its intended use. The direct expenses are: expenses for preparation of the site (the place where the asset will be used), expenses for initial delivery, installation expenses, expenses for fees of persons related to the project, non-refundable taxes, etc.

Intangible assets are recognized if they meet the definition of intangible assets set out in IAS 38 Intangible Assets, namely:

- Meets the definition of an intangible asset;
- Upon its acquisition it can be reliably assessed;
- Economic benefits are expected from the use of the asset, as evidenced by the availability or plan to obtain sufficient resources to enable the enterprise to obtain the expected economic benefits; the ability to effectively perform its functional role in accordance with the intention of the enterprise regarding its use or there is a clearly defined and specified technical feasibility.

Subsequent expenses

Expenses related to the maintenance of initially established standard efficiency, incurred after the commissioning of intangible non-current assets, are recognized as current at the time of their implementation. The book value of the intangible asset is adjusted to the extent of the expenses leading to the increase of the expected future economic benefits associated with the use of an intangible asset over the initially determined standard efficiency.

2.11.5. Goodwill

Goodwill is the excess of purchase prices over the fair value of identifiable net assets of company acquires as of the date of acquisition (business combination). Initially, it is presented in the consolidated financial statements at acquisition cost and subsequently it is presented at acquisition cost minus impairment. Goodwill is not amortized.



The goodwill generated as a result of the acquisition of a daughter company is presented in the consolidated statement of financial position as a part of non-current assets and the goodwill generated as a result of acquisition of joint-ventures or associated companies is included in the total value of investment and is reported as “investments in associated companies”.

The goodwill associated with the acquisition of associated companies is tested as part of the total value of the investment. The goodwill associated with the acquisition of daughter companies is tested for impairment at least one per year. Losses recognized as a result of impairment of goodwill are not reversible. Profit or loss from the sale of a daughter company include also book value of goodwill associated with this daughter company.

Any goodwill amount recognized in the financial statements is attributable to a certain cash generating object at the time a business combination is completed, and this object is applied when tests for impairment are conducted. For determining the cash-generating objects, are considered only objects that are expected to generate future economic benefits and that are subject to the business combination, which generated the goodwill.

Losses from impairment of goodwill are presented in the statements of comprehensive income as part of “Impairment of non-current assets.”

2.11.6. Other long-term capital investments

Other long-term financial investments are non-derivative financial assets in the form of shares and participation of other companies (minority interest) held with a long-term perspective.

Initial valuation

Capital investments are initially recognized at acquisition cost, which is the fair value paid, including direct acquisition cost of the investment (the financial asset). All purchases and sales of capital investments are recognized on the “trading date” of the transaction, i.e., the date on which the company commits to purchase or sell the asset.

Subsequent evaluation

Capital investments owned by the Group are subsequently evaluated at fair value. The results of the subsequent evaluation to fair value are presented in the statement of comprehensive income (in other components of comprehensive income) and respectively in the reserve related to financial assets at fair value, through other comprehensive income. These results are transferred to retained earnings on disposal (sale) of the respective investment.

2.11.7. Investments in Associated companies

Investments in associated companies are reported following the capital method. The share of the Group in the comprehensive income of an associated company is shown on one line in the consolidated statements in a way



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

that the amount of investment reflects the share of the Group in the net assets of the associated company as of the date of the financial statements. The Group recognizes its share in the losses of an associated company up to the amount of its investment, including all internal loans extended, unless it has undertaken an obligation to pay such liabilities on behalf of the associated company.

As of 31.12.2021 the Group reports a share in the profit of associated companies at the amount of BGN 32 thousand. The balance sheet amount of investments in associated companies was increased with the amount of reported profit.

2.11.8. Non-current assets held for sale

Non-current assets are classified as held for sale if their book value will be recovered through sale rather than through continuing use in the Company's operations. This condition is considered to exist only when the sale is highly secure and the relevant non-current assets are available for immediate sale in their present condition. Non-current assets classified as held for sale are measured at the lower value between the fair value and the book value less the costs to sell.

2.11.9. Inventories

Inventories are accounted at the lower of the two following values: acquisition cost (cost price) and net realizable value.

The costs incurred to bring an inventory to its present condition and location are included in the cost of acquisition (cost) as follows:

- Materials - the purchase price and all related costs of delivery;
- Goods - the purchase price and all related costs of delivery, customs duties, transport costs, non-recoverable taxes and other costs incurred in order to bring the goods in ready for use state.

In the use (sale) of inventory, the first-in-first-out method is used.

2.11.10. Financial instruments**Financial assets**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another enterprise.

Initial recognition, classification and evaluation

Upon initial recognition, financial assets are classified into three groups, according to which they are subsequently assessed at depreciated value, at fair value through other comprehensive income and at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the respective financial asset and the business model of the Company for its management.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

The business model of the Company for management of financial assets reflects how the Group manages its financial assets to generate cash flows. The business model determines whether cash flows are the result of contractual cash flows, the sale of financial assets, or both.

Evaluation

The Group initially presents financial assets at fair value, and in the case of financial assets that are not carried at fair value through profit or loss, the direct transaction costs are added. An exception is trade receivables that do not contain a material financing component - they are estimated based on the transaction price determined in accordance with IFRS 15 and the invoices issued.

Subsequent evaluation

For the purposes of Subsequent evaluation, financial assets are classified into four categories:

- Debt instruments presented at depreciated value
- Debt instruments presented at fair value through other comprehensive income (reclassified to profit or loss);
- Capital instruments presented at fair value through other comprehensive income (without reclassification in profit or loss);
- Financial assets (debt instruments, capital instruments and derivatives) presented at fair value through profit or loss.

During the current period, the Group reports financial assets in one of these categories - financial assets at depreciated value.

Financial assets at depreciated value (debt instruments)

This category is the most significant for the Group.

The Group measures financial assets at depreciated value when both of the following conditions are satisfied:

- the financial asset is held and used within a business model that aims to hold the asset in order to obtain contractual cash flows from it, and
- the terms of the contract of the financial asset generate cash flows at specific dates, which represent only principal payments and interest on the outstanding principal.

The management of the Group has assessed the financial assets representing cash in banks, interest-bearing receivables from related companies, trade receivables and other receivables (i.e., trade loans receivables and others) are held by the Group in order to obtain the agreed cash flows and they are expected to result in cash flows that represent solely principal and interest payments under the business model applied.

Financial assets at depreciated value are subsequently measured using the effective interest rate method (EIR). They are subject to impairment. Profits and losses are recognized in the statement of comprehensive income (in profit or loss for the year) when the asset is written off, modified or impaired.



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Write off

A financial asset is written off in the statement of financial position of the Group when:

- the rights to obtain cash flows from the asset have expired, or
- the rights to receive cash flows from the asset have been transferred or the Group has assumed an obligation to pay in full the received cash flows, without significant delay, to a third party through an agreement for transfer. In this case, the Group recognizes also the liability associated with it. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement, which is in the form of a guarantee on the transferred asset, is measured at the lower of the two values: the initial book value of the asset and the maximum amount of consideration that the Group may be required to pay.

Impairment of financial assets

The Group recognizes an adjustment (provision for impairment) for expected credit losses on all debt instruments that are not accounted at fair value through profit or loss. Expected credit losses are calculated as the difference between the contractual cash flows payable under the terms of the contract and all the cash flows that the Group expects to receive discounted at the initial effective interest rate.

At each accounting date, the Group determines whether the debt instrument is assessed as such with low credit risk using all reasonable and well-grounded information that is available without incurring unnecessary expense or effort. In making this assessment, the Group reviews the internal credit rating of the debt instrument. In addition, the Group assesses whether there is a significant increase in credit risk when contractual payments are overdue for more than 30 days.

The Group considers a financial instrument as default when contractual payments are overdue for more than 60 days. However, in certain cases, it may treat a financial asset as default when internal or external information provides an indication that it is unlikely that the Group will receive the full amount of the outstanding contractual amounts before taking into account any credit improvements held by it. Financial assets are written off when there is no reasonable expectation for collection of contractual cash flows.

To calculate the expected credit losses of *trade receivables and assets under contracts with customers*, the Group has chosen and applies a simplified matrix-based approach for calculating expected credit losses and does not track subsequent changes in their credit risk. In this approach, it recognizes an adjustment (provision for impairment) based on the expected credit loss for the entire receivable period at each reporting date. The Group has developed and applies a provisioning matrix based on historical experience with respect to credit losses, adjusted for prognostic factors, specific for the debtors and the economic environment, and correlated with the percentage of credit losses. The collectability of receivables from related companies are assessed on individual basis considering factors as financial needs of each related company and the business development



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

plan for the next periods.

Financial assets are written-off when there is no reasonable expectation of collection of contractual cash flows.

Financial liabilities

Initial recognition, classification and evaluation

Initially, all financial liabilities are recognized at fair value, and in the case of loans and borrowings and trade and other payables, the net of directly related transaction costs.

Subsequent evaluation

Subsequent evaluation of financial liabilities depends on their classification as described below.

Financial liabilities evaluated at depreciation value

This category is essential for the Group. Subsequent to their initial recognition, the Group evaluates interest-bearing loans and borrowings at depreciation value using the effective interest method. Profits and losses are recognized in the statement of comprehensive income (in profit or loss for the year) when the corresponding financial liability is derecognized, as well as through depreciation at the effective interest rate method.

Depreciation value is calculated by taking into account any discounts or acquisition premiums, as well as fees or expenses, which are an integral part of the effective interest rate. Depreciation is included as a “financial expense” in the statement of comprehensive income (in profit or loss for the year).

Write off

Financial liabilities are written off when the liability is repaid, terminated or expires. When an existing financial liability is replaced by another of the same creditor under substantially different conditions, or the terms of an existing liability are substantially altered, such exchange or modification shall be treated as derecognition of the original liability and recognition of a new one. The difference with the book value of a financial liability settled or transferred to another party in cash and/or non-monetary assets is recognized in profit or loss for the period.

2.11.11. Cash and cash equivalent

Cash includes cash on hand and amounts in current accounts, and cash equivalents are short-term deposits with banks whose original maturity is less than 3 months.

The cash flow statement is presented using the direct method.

For the purpose of preparing the cash flow statement:

- ✓ Cash inflows from customers and cash payments to suppliers are presented gross, including VAT;
- ✓ VAT on purchases and sales of non-current assets is stated in the cash flows from operating activities, to the extent it participates and is recovered in the operating cash flows of the Company for the relevant



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

accounting period.

- ✓ Interest on loans and deposits granted/received is included as inflows / payments to financial activities.

Cash and cash equivalents are subsequently presented at depreciated value, without any accumulated adjustments for expected credit losses.

2.11.12. Leasing

Operating lease

At the inception of the contract, the company assesses whether the contract represents or contains a lease. A contract represents or contains elements of a lease if, under that contract, the right to control the use of an asset for a specified period of time is transferred in exchange for consideration. The assessment includes an assessment of the following factors:

- Whether the contract involves the use of an identified asset, this may be stated explicitly or by default, and must be physically identifiable or must represent essentially the entire capacity of a physically separate asset. If the supplier has a substantial right of replacement, then the asset is not identified;
- Whether the company is entitled to receive substantially all the economic benefits from the use of the asset throughout the useful life; and
- Whether the company has the right to manage the use of the asset. The company has this right when it has decision-making rights concerning the change in the manner and purpose of using the asset. In the rare cases where it is predetermined how and for what purpose the asset will be used, the company has the right to manage the use of the asset if:
 - ✓ The company has the right to operate the asset; or
 - ✓ The company has designed the asset in a way that determines in advance how and for what purpose it will be used

Financial leasing

The lease contract under which all risks and economic benefit of ownership of the asset are transferred to the company of the Group is classified as a financial leasing and the leased asset is capitalized in the consolidated statement of financial position of the lessee and presented as property, plant and equipment. Upon initial recognition, leased assets are accounted at the lower value of the following two: their current fair value or the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance expenses (interest) and the reduction of the lease liability (principal). Financial expenses are allocated to each period over the lease term so that a constant interest rate is reached on the remaining outstanding portion of the principal under the lease liability. Interest expenses are included in the consolidated statement of comprehensive income as "Financial expenses".

Assets acquired under a financial leasing are depreciated based on the useful life of the asset and within the



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

lease term.

2.11.13.Provisions

Provisions are recognized when the Group has a present (constructive or legal) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are estimated on the basis of the best estimate of the management at the date of preparation of the financial statements for the expenses necessary for the settlement of the respective obligation. The estimate is discounted when the maturity of the liability is long-term. When it is expected that part of the resources that will be used to settle the obligation will be recovered from a third party, the company recognizes a receivable, if there is a high degree of certainty of its receipt, its value can be reliably determined as income (credit) on the same position in the Statement of Comprehensive Income, where the provision itself is presented.

The Group accrues provisions for guarantee service of devices sold. The provision is calculated on the basis of best estimate of management about the expected expenses, which the Group will incur in case of guarantee events and based on the past experience about the sold products/ services. As of the date of the consolidated financial statements, the management estimated the provision for guarantee services to be 0,5% of net revenue from sale of goods and production, generated from clients outside the group of Allterco.

2.11.14.Liabilities to employees

Defined contribution plans

The government of the Republic of Bulgaria undertakes the liability to ensure pension payments on the basis of defined contribution plans. The liability of the Company to pay the amounts booked under the defined contribution plans for the employees is recognized in the statement of comprehensive income at the time of occurrence of the liability.

Paid annual leave

The Group recognizes as a liability undiscounted amount of estimated cost of annual paid leave, which is expected to be paid to employees in return to their labor for the past reporting period.

Defined income for retirement

In compliance with the Labor Code, when a labor contract of an employee that obtained the right for pension is terminated, the Company pays a compensation at the amount of two gross monthly salaries, if the employee worked for the Company less than 10 years, or six gross monthly salaries if the employee worked for the Company more than 10 years. The Group estimates that the amount is not significant and therefore it is not included in the financial report.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

2.11.15. Share capital

The Group has adopted the financial concept of maintaining the capital. The financial capital maintaining is assessed in nominal monetary units. Profit for the reporting period is considered to be acquired only if the total equity amount at the end of the period exceeds the amount in the beginning of the period, after deducting the distributions to owners or their investments in capital during the period.

Allterco JSCo is a joint-stock company and is obliged to register in the Commercial Register its statutory share capital, which shall serve as a security for its creditors. The shareholders are responsible for the liabilities of the mother-company up to the amount of their shareholding in the capital and may claim the return of that holding only in case of bankruptcy or liquidation proceedings. The mother-company reports its registered capital at par value of the number of shares registered.

Equity is the residual value of an entity's assets after deducting all its liabilities. This includes:

Registered capital – it is presented in the Statement of financial position according to the number of issued shares with nominal value of each share.

Financial result – it is formed as the difference between the income and expenses accrued for it. This includes:

- a) retained earnings;
- b) uncovered loss;
- c) the net profit or loss for the current year, which is presented in the statement of financial position after deduction of tax expense due.

The Equity is decreased by the dividends paid to the shareholders during the period in which they are distributed (voted by the General Meeting).

In accordance with the requirements of the Commercial Law and the Statute of Allterco JSCo., the company is obliged to form reserves at the expense of:

- at least one-tenth of the annual profit, until the funds accumulated reach 25 per cent of the share capital;
- the funds received above the nominal value of the shares issued (premium reserve);

Treasury shares are reported in the statements of financial position at acquisition cost, which is used to decrease the equity of the Group. The profit and losses from the sale of treasury shares are reported in the equity of the Group, as part of the retained earnings.

During the reporting period the company has made payments to the employees of its Bulgarian subsidiaries in shares.

The payment in shares against labor services is made with owner's equity instruments of the mother-company. The equity instruments are valued at fair value as of the date of share transfer. The expense related to the



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

payment in shares is recognized for the period in which the services were rendered.

Reserve from translation of financial statement of foreign operations - arises from the net effects of foreign currency conversion of the subsidiaries' financial statements from their functional currencies into Bulgarian levs for the purpose of consolidation.

Other comprehensive income is formed by the difference between previous book value of financial assets reported at fair value and the fair value of such assets as of the date of the report.

Treasury shares are presented in the financial statements at fair value as of the date of the statements and are reported as a decrease in the shareholder's equity. Profits and losses from the sale of treasury shares are reported directly in the shareholder's equity.

2.11.16. Income tax expenses

Income tax expense represents the sum of the current income taxes and the tax effect on temporary tax differences. The current income tax is determined in accordance with the tax legislation of the respective country. The nominal corporate profit tax rate in Bulgaria for 2021 and 2020 is 10%.

The foreign daughter companies are subject to corporate profit tax in accordance with the local legislation. The applicable tax rates are as follows:

Country	Nominal tax rate	
	2021	2020
Singapore	17 %	17 %
Malaysia	Up to MYR 500 000 - 20% and for the excess - 25%	Up to MYR 500 000 - 20% and for the excess - 25%
USA	15-35%	15-35 %
Thailand	20 %	20 %
Germany	15,825%	n/a

Deferred tax assets and / or liabilities are the amounts of recoverable and payable income taxes for future periods in respect of deductible and taxable temporary tax differences.

Temporary tax differences are established by comparing the book value of an asset or liability presented in the Statement of financial position with its tax base when applying the tax rules.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are calculated and recognized for all taxable temporary differences, while deferred tax assets are recognized only if it is probable that they will be recovered and if the company will be able to generate sufficient profit in the future from which they to be deducted.

The effect of recognizing the deferred tax assets and / or liabilities is reflected where the effect of the event that gave rise to them is presented.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

For events that affect the statement of profit or loss and other comprehensive income, the effect of deferred tax assets and liabilities is also recognized in the statement of comprehensive income.

For events that are initially reported in equity (revaluation reserve) and deferred tax assets and liabilities are recognized at the expense of equity.

In the Statement of financial position, deferred tax assets and / or liabilities are presented as compensation, as they are subject to a single taxation regime.

As of December 31, 2021 and December 31, 2020 the Group recognize deferred corporate profit taxes only for the Bulgarian companies and they are estimated using 10% rate, which remains unchanged for 2022.

2.11.17. Earnings per share

The basic earnings per share are calculated by dividing the net profit or loss for the period that is subject to distribution among shareholders of ordinary shares, by the average weighted number of ordinary shares held during the period.

The weighted average number of shares represents the number of ordinary shares hold in the beginning of the period, adjusted by the number of repurchased ordinary shares and the new issued shares during the period multiplied by a time-weighting factor. This factor represents the number of days in which specific shares have been held relative to the total number of days in the period.

Earning of shares with reduced value should not be calculated because there are no shares with reduced value issued.

2.11.18. Judgments that are crucial in applying accounting policies of the Group.***Key high uncertainty estimates and assumptions.***

In the process of applying accounting policies, the management of the Group makes judgments that have a material effect on these financial statements. Such judgments by definition are rarely equal to actual results.

As a result of their nature, they are subject to constant review and updating and include historical experience and other factors as expectations for future events that management believes are reasonable in the current circumstances.

The estimates and assumptions that carry a significant risk of a material adjustment in the carrying amounts of assets and liabilities in the next financial year are set out below.

Useful life of property, plant and equipment and intangible assets

The financial statements of property, plant and equipment and intangible assets include the use of estimates of their useful lives and carrying values, which are based on judgments made by the management of the Group.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Impairment of receivables

The Management estimates the amount and timing of expected future cash flows related to receivables based on experience in current circumstances in the following groups: individual accounts, households and other small consumers and legal receivables. Due to the inherent uncertainty of this assessment, the actual results may differ from those expected. The management of the Group reviews the estimates from previous years against the actual results from the previous year.

In connection with the implementation of IFRS 9 Financial Instruments, the Group have used their accumulated experience in the area of credit losses, and have taken into account current conditions and their forecasts to estimate the expected credit losses on their trade receivables.

2.11.19. Fair values

Fair value is the price that could be obtained from the sale of an asset or could be paid for the transfer of a liability in the ordinary course of trade between market participants at the date of assessment (starting price). Fair value assessment is based on the assumption that the transaction to sell an asset or transfer a liability has been carried out:

- on the principal market of the respective asset or liability, or
- in the absence of a principal market, on the most advantageous market for the asset or liability.

The principal or the most advantageous market should be accessible for the Company.

The fair value of an asset or liability is estimated by making the assumptions that market participants would make when establishing the price of the asset or liability, assuming that they act in their best economic interest.

All assets and liabilities that are measured at fair value or for which fair value disclosure is required in the financial statements, are grouped into categories according to the fair value hierarchy, as described below, based on the lowest level of input data used, which has a significant impact on fair value measurement in general:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities are used
- Level 2 - appraisal methods are applied in which the lowest level of used input data essential for fair value assessment have been observed either directly or indirectly
- Level 3 - appraisal techniques are used where the lowest level of used input data essential for fair value assessment are unobserved

For the assets and liabilities that are regularly evaluated at fair value the Company shall review their categorization at the appropriate level of the fair value hierarchy (based on the lowest level of used input data, that have a significant impact on the fair value evaluation as a whole) to the end of the reporting period and determine whether there is a need to make a transfer(s) from one level to another.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Notes to the consolidated statement of financial position

3.01. Property, plant and equipment

	Lands	Buildings	Facilities	Machinery and equipment	Vehicles	Computer equipment	Office equipment	Other	Expenses for acquisition of fixed tangible assets	Total
January 01, 2020										
Acquisition cost	465	3 123	131	719	503	226	126	151	86	5 537
Accumulated depreciation	-	(209)	(16)	(236)	(201)	(117)	(89)	(110)	-	(985)
Book value	465	2 914	115	483	302	109	37	41	86	4 552
Acquisitions	1 011	148	-	9	-	14	2	9	62	1 255
Purchase	1 011	-	-	9	-	14	2	9	62	1 107
Put into operation	-	148	-	-	-	-	-	-	-	148
Disposals	-	-	-	-	(19)	-	-	-	(148)	(167)
Sale	-	-	-	-	(12)	-	-	-	-	(12)
Put into operation	-	-	-	-	-	-	-	-	(148)	(148)
Other way	-	-	-	-	(7)	-	-	-	-	(7)
Depreciation for the period	-	(122)	(39)	(216)	(116)	(66)	(8)	(6)	-	(573)
Changes in depreciation	-	239	-	-	13	-	-	-	-	252
Depreciation of written off assets	-	239	-	-	13	-	-	-	-	252
December 31, 2020	1 476	2 940	76	276	167	57	31	44	-	5 067
Acquisition cost	1 476	3 032	131	728	471	240	128	160	-	6 373
Accumulated depreciation	-	(92)	(55)	(452)	(304)	(183)	(97)	(116)	-	(1 306)
Book value	1 476	2 940	76	276	167	57	31	44	-	5 067
Assets held for sale						3	2			5
Book value at the end	1 476	2 940	76	276	167	54	29	44	-	5 062
January 01, 2021	1 476	2 940	76	276	167	54	29	44	-	5 062
Acquisition cost	1 476	3 032	131	728	458	240	128	151	9	6 353
Accumulated depreciation	-	(92)	(55)	(452)	(291)	(183)	(97)	(116)	-	(1 286)
Book value	1 476	2 940	76	276	167	57	31	35	9	5 067
Acquisitions	-	-	-	53	-	24	58	142	46	323
Purchase	-	-	-	53	-	24	58	142	46	323
Decrease (book value)	-	-	-	-	(3)	(3)	(45)	-	-	(51)
Disposals (book value)	-	-	-	-	-	-	(43)	-	-	(43)
Other way	-	-	-	-	(3)	-	-	-	-	(3)
Written off book value related to sold investments	-	-	-	-	(3)	(3)	(2)	-	-	(5)
Depreciation for the period	-	(121)	(39)	(217)	(94)	(49)	(8)	(13)	-	(541)
Changes in depreciation	-	(121)	(39)	-	3	4	84	51	-	142
Depreciation of written off assets	-	-	-	-	3	4	84	51	-	142
December 31, 2021	1 476	2 819	37	112	70	29	36	164	55	4 798
Acquisition cost	1 476	3 032	131	781	452	257	57	242	55	6 483
Accumulated depreciation	-	(213)	(94)	(669)	(382)	(228)	(21)	(78)	-	(1 685)
Book value at the end	1 476	2 819	37	112	70	29	36	164	55	4 798

The land and building owned by the Group are pledged in relation with bank financing used for their purchase (see point 3.15).



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

3.02. Intangible assets

	Software	ISO certificates and intellectual property rights	Trademarks and prototypes	Others	Capitalized R&D expenses	Total
January 01, 2020						
Acquisition cost	190	871	1 661	212	1 929	4 863
Accumulated amortization	(116)	(164)	(481)	(14)	-	(775)
Book value	74	707	1 180	198	1 929	4 088
Acquisitions	-	3	1 427	-	3 027	4 457
Purchase	-	3	-	-	638	641
Capitalized	-	-	-	-	2 389	2 389
Put into operation	-	-	1 427	-	-	1 427
Disposals	-	-	(271)	-	(3 421)	(3 692)
Put into operation	-	-	-	-	(3 161)	(3 161)
Other way	-	-	(271)	-	(260)	(531)
Amortization for the period	(74)	(80)	(270)	(20)	-	(444)
Changes in Amortization	-	-	126	-	-	126
Amortization of written off assets	-	-	126	-	-	126
Book value	-	630	2 066	178	1 535	4 409
December 31, 2020						
Acquisition cost	190	874	2 691	212	1 535	5 502
Accumulated amortization	(190)	(244)	(625)	(34)	-	(1 093)
Book value	-	630	2 066	178	1 535	4 409
Assets held for sale	-	625		141		766
Book value	-	5	2 066	37	1 535	3 643
January 01, 2021						
Acquisition cost	190	874	2 691	212	1 535	5 502
Accumulated amortization	(190)	(244)	(625)	(34)	-	(1 093)
Book value	-	630	2 066	178	1 535	4 409
Acquisitions	141	5	1 767	-	2 285	4 198
Purchase	6	5	11	-	-	22
Capitalized	-	-	-	-	2 285	2 285
Put into operation	135	-	1 756	-	-	1 891
Disposals	-	(625)	(546)	(141)	(3 695)	(5 007)
Written off book value of assets related to sold investments	-	(625)	-	(141)	-	(766)
Other way	-	-	(546)	-	(3 695)	(4 241)
Amortization for the period	(17)	(3)	(456)	(8)	-	(484)
Changes in amortization	-	242	298	14	-	554
Amortization of written off assets	-	-	298	-	-	298
Written off amortization of assets related to sold investments	-	242	-	14	-	256
Book value as of the end	124	7	2 831	29	125	3 116
December 31, 2021						
Acquisition cost	331	12	3 614	57	125	4 139
Accumulated amortization	(207)	(5)	(783)	(28)	-	(1 023)
Book value	124	7	2 831	29	125	3 116



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

3.03. Assets with right of use

	2021			2020		
	Vehicles	Buildings	Total	Vehicles	Buildings	Total
In the beginning of the period						
Acquisition cost	127	9	136	127	9	136
Amortization	(84)	(6)	(90)	(42)	(3)	(1 235)
Book value	43	3	46	85	6	(1 099)
Acquisitions	116	-	116	-	-	-
Operating leasing	116	-	116	-	-	-
Disposals	(11)	-	(11)	-	-	-
Written off	(11)	-	(11)	-	-	-
Amortization for the period	(40)	(3)	(43)	(42)	(3)	(45)
Book value at the end of the period						
Acquisition cost	232	9	241	127	9	136
Amortization	(124)	(9)	(133)	(84)	(6)	(90)
Book value	108	-	108	43	3	46

The Group has concluded lease agreements for renting office spaces and vehicles used in its activity. The terms are between 1 and 4 years with extension options.

3.04. Goodwill

Name	December 31, 2021	December 31, 2020
Allterco Robotics Inc., USA	34	34
Allterco Sdn, Malaysia	-	30
Allterco PTE Ltd, Singapore	-	2 611
Allterco Properties EOOD (Solely-owned LLC)	126	126
Total:	160	2 801

Impairment of goodwill

The management of the Group has undertaken the necessary procedures to perform the mandatory impairment test of the goodwill recognized in the consolidated statement of financial position for the acquisition of the subsidiaries. For this purpose, it is assumed that each individual company appears as a "cash-generating unit". The calculations are made by the management, based on a detailed review of whether events and facts have occurred, which are indicators of changes in the assumptions and estimates made as of December 31, 2020 and December 31, 2021.

As a result of the analyses performed by the Group's management as of December 31, 2020, an impairment of the reported goodwill of the Asian subsidiaries in the amount of BGN 480 thousand was recognized. No impairment of goodwill is recognized as of December 31, 2021.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

3.05. Investments in associated companies

During 2021 Allterco participated in the establishment of a new company in China – Allterco Asia Ltd. , with seat and management address Shenzhen, Guangdong Province. The registered capital of the new company is CNY 100 000 as Allterco holds 30% (8 thousand BGN) and has an option to acquire additional up to 50%, reaching up to 80%, if the development of the company meets the expectations of Allterco.

The movement of the investments in associated companies is as follows:

	December 31, 2021
Opening balance at Jan 1	-
Acquisition of participation in the capital	8
Share in the profit for the period	32
Balance as of December 31	40

3.06. Other long-term capital investments

	December 31, 2021	December 31, 2020
Ordinary registered shares – Link Mobility, in the beginning of the period	6 566	3 053
<i>Increase</i>	-	4 849
Reserves from subsequent evaluation of financial instruments	-	4 849
<i>Decrease</i>	(3 942)	(1 336)
Effect from transactions with financial assets	(369)	(1 336)
Revaluation of other financial instruments	(3573)	-
Ordinary registered shares – Link Mobility, at the end of the period	2 624	6 566

3.07. Long-term trade receivables

In September 2020 the Company sold its investments in Allterco PTE, Singapore, Allterco SDN Malaysia and Allterco Co. LTD Thailand. In compliance with the requirements of IFRS 5 *Non-current assets Held for Sale and Discontinued Operations* as of December 31, 2020 those assets are presented as held for immediate sale. The terms of the sale contract stipulate that 50% of the purchase price at the amount of 1 050 thousand EUR (2 054 thousand BGN) is due after 2022 (525 thousand EUR (1 027 thousand BGN) is due in 18 months after the date of the deal and the remaining 535 thousand EUR (1 027 thousand BGN) is due in 36 months after the date of the deal). Because of this, the receivable related to the sale of the daughter companies which is due after 2022 is shown as long-term receivable.

The management assess that the value of other long-term receivables presented in the statement of financial position as of December 31, 2021 is equal to their fair value.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

3.08. Deferred tax assets

	December 31, 2021	December 31, 2020
Deferred tax assets		
Accruals for unused leave	19	18
Provisions for liabilities	30	25
Impairment of receivables	25	438
Depreciation	-	1
Unpaid remuneration	-	3
Total deferred tax assets	74	485
Deferred tax liabilities		
Depreciation	(2)	-
Total deferred tax liabilities	(2)	-
Total deferred tax asset (liability)	72	485

3.09. Inventories

	December 31, 2021	December 31, 2020
Goods	3 900	3 592
Supplies	2 227	-
Goods in transit	979	-
Materials	454	68
Total:	7 560	3 660

As of December 31, 2021 in the consolidated statement of financial position are presented:

- Components for production of devices at the amount of 2 227 thousand BGN, which were ordered by the Group and purchased by the factories that produce devices for the Group. The components are available at the warehouse of the factories and according to the agreements the Group has ownership rights over them
- Goods in transit, which are not in the warehouses of the Group yet but which are owned by the Group on the basis of purchase agreements

The Group policy is to try to maintain optimal quantity of goods equal to a several months forecast of sales.

The management of the Group expects that in the near future the level of inventories will continue to increase as a consequence of increasing sales as well as a result of increasing deficit of certain electronic components necessary for the production of devices.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

3.10. Trade receivables

	December 31, 2021	December 31, 2020
Receivables from customers	12 642	9 504
Advances to suppliers	6 762	5 759
Trade receivables associated to assets held for sale	-	(954)
Advances to suppliers associated to assets held for sale	-	(361)
Impairment of receivables	(237)	-
Total	19 167	13 948

The management made an assessment for impairment of a receivable related to the sale of its European telecom business, which was due in August 2021 and as of December 31, 2021 it was still unpaid. The management started a procedure for collection of the receivable following the provisions of the share purchase agreement signed, which provides for initiation of an arbitration proceedings in front of the International Arbitrage in Vienna. The impairment recognized for this receivable is at the amount of 152 thousand BGN (5% of due amount). One of the group companies recognized an impairment of receivable at the amount of 85 thousand BGN (50% of the receivable from EDS Ltd., Serbia).

Ageing analysis of gross value of trade receivables is presented in the table below:

	December 31, 2021	December 31, 2020
Current	9 220	10 447
Overdue up to 90 days	7 129	3 501
Overdue up to 180 days	3 055	-
Overdue up to 360 days	-	-
Overdue up to 360 days	-	-
Total	19 404	13 948

The management of the Group believes that the value of trade receivables presented in the consolidated statements of financial position is equal to their fair value as of December 31, 2021 and December 31, 2020.

3.11. Other receivables

	December 31, 2021	December 31, 2020
TAX RECEIVABLES	1 884	629
Overpaid corporate profit tax	2	280
VAT refund receivable	1 857	295
Customs duties	25	54
Withholding tax	-	473
Assets held for sale	-	(473)
OTHER RECEIVABLES	28	80
Receivables on litigations	-	55
Advances to employees	4	3



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Deposits with companies and guarantees	22	14
Other receivables	2	60
Assets held for sale	-	(52)
Total:	1 912	709

3.12. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	92	43
Cash in current accounts	30 320	25 950
Other cash - debit cards	4	2
Restricted cash (guarantees)	125	125
Assets held for sale	-	(70)
Total:	30 541	26 050

	December 31, 2021	December 31, 2020
By currency		
BGN	13 298	15 121
EUR	6 180	10 542
USD	11 063	387
Total	30 541	26 050

The Group's cash funds are in bank accounts with banks with stable long-term ratings. The Management has assessed the expected credit losses on cash funds and cash equivalents. The estimated value is determined as insignificant and is not accrued in the consolidated financial statements of the Group as of December 31, 2021

3.13. Prepaid expenses

	December 31, 2021			December 31, 2020		
	Up to one year	Over one year	Total	Up to one year	Over one year	Total
Operating activity						
Insurances	35	-	35	3	-	3
Information Services	28	-	28	1	-	1
Subscriptions	27	-	27	-	-	-
Memberships	34	-	34	-	-	-
Trade fairs	109	-	109	-	-	-
Other	1	-	1	38	-	38
Total operating activity	234	-	234	42	-	42

3.14. Non-current assets classified as held for sale and assets included in disposal groups classified as held for sale

During 2019 the Group's management decided to sell its subsidiaries: Allterco PTE Singapore, Allterco SDN Malaysia, and Allterco Co. Thailand. In accordance with the requirements of IFRS 5 *Non-current assets held for sale* in the accompanying consolidated financial statements for 2020 the assets, related liabilities and



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

financial results are presented as subject to immediate sale.

During 2021, Allterco JSCo. has finalized a deal with Skylight Venture Capital Pte. Ltd., Singapore for the sale of 3 subsidiaries with the following terms:

- Sales price: 2 100 000 EUR;
- Payment terms: i. 50 % - after signing the SPA and the Buyer issues a letter to the Seller that all conditions for completion of the deal are met; ii. 25 % - within 18 after completion; iii. 25 % - within 36 months after completion.
- Collateral: first priority pledge of the shares of the capital of ALLTERCO PTE (Singapore) and ALLTERCO SND (Malaysia) in favor of ALLTERCO JSCo to secure the obligation of Skylight Venture Capital Pte. Ltd. for the differed payment of 50 % of the purchase price.

Following the sale of the 3 subsidiaries the Group reports a profit at the amount of BGN 201 thousand, shown in the statements of comprehensive income as financial income.

3.15. Bank loans

Then depreciable portion of bank loans is as follows:

	December 31, 2021	December 31, 2020
Raiffeisenbank AD, including:	1 900	2 176
- up to one year	285	276
- over one year	1 615	1 900
DSK bank EAD	617	843
- up to one year	225	225
- over one year	392	618
Other short-term financing Allterco Robotics USA	62	10
Total bank loans - non-current portion:	2 007	2 518
Total bank loans - current portion:	572	511

Bank	Raiffeisenbank AD
Date of the contract:	August 25, 2017
Agreed loan amount:	1 620 000
Original currency	EUR
Purpose	Financing up to 90% (excluding VAT) of the final price of all company shares representing 100% of the capital of the joint debtor Allterco Properties EOOD (Solely-owned LLC), designated in the concluded between the Borrower and JFC Developments OOD (Ltd.) Share Transfer Contract into Final Contract
Term	May 10, 2029
Collaterals:	Mortgage on real estate, owned by Allterco Properties EOOD (Solely-owned LLC), joint debtor - Allterco Properties EOOD (Solely-owned LLC), pledge of all bank accounts of Allterco JSCo. with the bank



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Creditor	DSK Bank AD
Date of the contract:	September 28, 2020
Total amount	EUR 450 thousand
Purpose	Financing of 90% of the expenses for purchase of real estate
Currency	EUR
Fixed term	September 28, 2024
Collaterals:	Mortgage of real estate owned by Allterco Properties Ltd.

3.16. Lease

	December 31, 2021			December 31, 2020		
	Up to one year	Over one year	Total	Up to one year	Over one year	Total
Finance lease liabilities	31	-	31	29	31	60
Operating lease liabilities	27	80	107	46		46
Lease liabilities	58	80	138	75	31	106

Liabilities under lease agreements presented in the consolidated statement of financial position include the liabilities of the Group under rental agreements for offices and vehicles, which are recognized in accordance with the requirements of IFRS 16 Leasing.

The reconciliation of movements in liabilities related to financing activities (current and non-current) is presented in the next table

Type of financing	Book value as of 1.1.2021	Net cash flow	Interest	Non cash movements	Book value as of 31.12.2021
Bank loans	3 029	(526)	(76)	-	2 579
Leasing contracts	106	30	(2)	-	138

3.17. Trade payables

	December 31, 2021	December 31, 2020
Suppliers	931	2 943
Advances from clients	556	881
Liabilities related to assets held for sale	-	(2 437)
Total:	1 487	1 387

3.18. Payables to employees

	December 31, 2021	December 31, 2020
Payables to employees	5	130
Payables for unused paid leave	168	151



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Liabilities related to assets intended for sale	-	(87)
Total:	173	194

3.19. Tax liabilities

	December 31, 2021	December 31, 2020
Corporate tax	281	283
Value Added Tax	940	156
Income tax	73	38
Other taxes	21	26
Liabilities related to assets held for sale	-	(108)
Total:	1 315	395

3.20. Other liabilities

	December 31, 2021	December 31, 2020
Liabilities for purchase of shares	665	675
Guarantees/deposits for rent	61	90
Guarantee service provision	300	250
Other liabilities	-	3
Liabilities related to assets held for sale	-	(3)
Total other liabilities	1 026	1 015

3.21. Registered capital

Allterco JSCo was registered in 2010. The registered capital of the Company as of December 31, 2021 amounts to BGN 17,999,999 (seventeen million nine hundred ninety-nine thousand nine hundred ninety-nine) and is distributed in 17,999,999 (seventeen million nine hundred ninety-nine thousand nine hundred ninety-nine) ordinary registered shares with a nominal value of BGN 1 each. The registered capital is fully paid in four installments:

The first issue was made upon the establishment of the Company in the form of a non-monetary contribution in the amount of BGN 50 000, which had as its subject ordinary registered voting shares of the capital of Teravoice AD.

In 2010 a second non-monetary contribution was made in the amount of BGN 5 438 000, which had as its subject shares from the capital of Tera Communications AD.

At the end of 2015, a new issue of 8,012,000 (eight million and twelve thousand) ordinary registered voting shares was issued, with a nominal value of BGN 1 (one) each.

At the end of 2016 the capital of ALLTERCO JSCo was increased with a new issue in the amount of 1,500,000 (one million and five hundred thousand) shares on the basis of a successful initial public offering, according to the Prospectus for public offering of shares, confirmed by the Financial Supervision Commission with



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Decision № 487 – E of July 08, 2016 entered in the Commercial Register under No.20161108100414 of November 08, 2016.

In 2020 the capital of the Company was increased by cash contributions in the total amount of 2,999,999 (two million nine hundred ninety-nine thousand nine hundred and ninety-nine) against 2,999,999 (two million nine hundred ninety-nine thousand nine hundred and ninety-nine) subscribed and paid dematerialized ordinary registered voting shares with a nominal value of BGN 1 as a result of a procedure for Public Offering of a new issue of shares. The public offering of shares from the capital increase of Allterco JSCo was carried out in the period September 28, 2020 – October 30, 2020 on the basis of a Prospectus, together with the supplements to it, confirmed by the Financial Supervision Commission with Decision № 148- F of February 18, 2020, Decision № 405-E of June 11, 2020, Decision № 601-E of August 13, 2020 and Decision № 791-E of October 29, 2020.

As of December 31, 2021 the shareholders in the company are:

Name	Number of shares:	% in the capital
Svetlin Todorov	5 847 120	32.48%
Dimitar Todorov	5 847 120	32.48%
Persons holding 5% of the capital		
Other physical persons and legal entities	6 305 759	35.04%
Total	17 999 999	100.00%

3.22. Retained earnings

	December 31, 2021	December 31, 2020
Opening balance	26 938	13 531
Net profit (of owners of the parent-company)	15 962	15 141
Profit (Loss) for the period from discontinued operations	-	(1 284)
Distribution of dividends	(3 600)	(450)
Change due to sale of subsidiaries	94	-
Retained earnings	39 394	26 938

3.23. Reserves

	December 31, 2021	December 31, 2020
Opening balance	1 500	1 500
Reserve from issue of shares	300	-
Total:	1 800	1 500

3.24. Reserve from issue of shares

As of December 31, 2021 the reserves from issue of shares are at the amount of 5 403 thousand BGN. They are formed by the excess of share price of newly issued shares during 2020 over the par value of shares. The



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

excess amount was 6 000 thousand BGN and was decreased by the expenses related to the share issue at the amount of 2967 thousand BGN and by 300 thousand BGN, which were transferred to reserves, pursuant to a decision of the general meeting of shareholders held on June 28, 2021.

3.25. Other comprehensive income

	December 31, 2021	December 31, 2020
Value at the beginning of the period	4 849	-
Reserves transferred to retained earnings	(240)	-
Reserves related to long-term financial instruments reported at fair value	(3 573)	4 849
Value at the end of the period	1 036	4 849

The reserves related to the long-term financial instruments decreased by 3 573 thousand BGN as a result of the revaluation of the long-term financial instruments held at fair value and by 240 thousand BGN as a result of transfer of reserves to retained earnings, after the sale of part of financial instruments.

4. Notes to the consolidated statement of comprehensive income**4.01. Sales revenue and cost price of sales**

	2021				2020			
	Production	Goods	Services and rents	Total:	Production	Goods	Services and rents	Total:
Sales revenues	108	58 723	678	59 509	639	38 478	7 225	46 342
<i>Cost of goods sold</i>	-	<i>(24 964)</i>	-	<i>(24 964)</i>	-	<i>(15 444)</i>	-	<i>(15 444)</i>
<i>Other direct costs</i>	-	<i>(1 525)</i>	<i>(233)</i>	<i>(1 758)</i>	<i>(265)</i>	<i>(1 822)</i>	<i>(7 117)</i>	<i>(9 204)</i>
Cost of sales	-	(26 489)	(233)	(26 722)	(265)	(17 266)	(7 117)	(24 648)
Gross profit	108	32 234	445	32 787	374	21 212	108	21 694

4.02. Other operating income

	2021	2020
Loss from sale of fixed assets	(23)	(4)
Rents	2	12
Written off liabilities	40	23
Insurance indemnity	26	
Interests	8	-
Revaluation of financial instruments	246	-
Penalties	6	16
Financing	-	589
Exchange rate differences gains	1 006	240
Other operating income	187	137
Total:	1 498	1 013



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

4.03. Administrative expenses

	2021	2020
Material expense	190	131
External services	2 408	1 377
Depreciation	193	353
Salaries and social security	7 590	6 115
Other administrative expenses	1 789	723
Total:	12 170	8 699

During 2021 the Bulgarian subsidiaries provided to some of their employees, which meet certain criteria set by the management of the Group, additional payments in shares, which do not carry any restrictions for further disposition. The total number of shares transferred to the employees was 14 018 shares with par value of BGN 1 each and market price at the date of the transfer BGN 24,40 per share. The value of services provided by the employees was calculated using the tin last closing share price at Bulgarian Stock Exchange before the date of share transfer. The payment in shares is done entirely with treasury shares.

Also, at the end of 2021 the group companies reviewed their capitalized costs related to development of product prototypes and the ongoing projects related to product development. As a result of this review, the group companies write off prototypes and product development costs at the amount of 1 331 thousand BGN. The agreed fees for the independent financial audits of the Group for 2021 is at the total amount of 32 thousand BGN (2020 – 31 thousand BGN). During the year the auditors did not provide tax advice or any other services to the Group. The current disclosure is compliance with Art. 30 of the Accounting Act.

4.04. Other operating expenses

	2021	2020
Bank fees	134	124
Written off receivables	97	-
Impairment of receivables	85	483
Interest and penalties	28	27
Provision for guarantee service	300	250
Donations	15	37
Other	54	194
Total:	713	1 115

The movement of provision for guarantee is as follows:

	December 31, 2021	December 31, 2020
Provision for guarantee liabilities in the beginning of the period	250	-
Accrued for the period	300	250
Used provision during the period	(250)	-
Provision for guarantee liability at the end of the period	300	250



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

4.05. Financial income

	2021	2020
Gains from operations with financial assets, including	250	3 446
- <i>Sale of shares</i>	<i>4 526</i>	<i>4 949</i>
- <i>Book Value of shares sold</i>	<i>(4 276)</i>	<i>(1 336)</i>
- <i>Expenses related to the sale of shares</i>	<i>-</i>	<i>(167)</i>

4.06. Financial expenses

	2021	2020
Currency exchange rates losses	140	739
Interest on financial lease	2	6
Interest on loans	76	84
Bank fees on cash balances	45	20
Other interest	3	-
Total:	266	849

4.07. Tax expenses

	December 31, 2021	December 31, 2020
Profit before tax	18 722	14 948
Tax at applicable tax rate	(1 872)	(1 495)
Effect from deferred tax	(52)	215
Adjustment on the effect of deferred tax as a result of consolidation	(836)	(230)
Corporate tax Income/(Expense)	(2 760)	(1 510)

Corporate tax income (expenses) as of December 31, 2021 r. is comprised of the following components:

	December 31, 2021	December 31, 2020
Current tax expense	(2 347)	(1 576)
Net effect from deferred tax	(413)	66
Corporate tax Income/(Expense)	(2 760)	(1 510)



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

5. Contingent liabilities and commitments

Contract	Annex	Creditor	Debtor	Joint debtor /Guarantor	Amount/Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Investment loan August 25, 2017 contract under art. 114 para 10 of the Public Offering of Securities Act	Annex No.1 October 31, 2018	Raiffeisen bank Bulgaria EAD	Allterco JSCo	Allterco Properties EOOD - solidary	1 620 000 EUR	Fixed interest rate for the whole period 3% per year; Management fee	May 10, 2029	Mortgage on real estate owned by Allterco Properties EOOD; Pledge of receivables on bank accounts with the bank. Pledge under the law for financial security contracts;
Overdraft September 30, 2019 – contract under art. 114 para 10 of the Public Offering of Securities Act	Annex No.1 of August 28, 2020	Raiffeisen bank Bulgaria EAD	Allterco Robotics EOOD	Allterco JSCo - guarantor	1 000 000 EUR	One-month EURIBOR, +2.5 %, but not less than 2.5%; management commission; commitment commission; commission for issuing guarantees;	September 29, 2022	Pledge of receivables on accounts;
Contract for standard investment loan No.2757 dated September 28, 2020	none	DSK Bank AD	Allterco Properties EOOD	Allterco Trading EOOD – solidary debtor	450 000 EUR	Annual interest rate formed by a variable interest rate of 1m EURIBOR + 2.1% but not less than 2.1%; annual management fee;	September 28, 2024	Mortgage on real estate owned by Allterco Properties EOOD; Pledge of receivables on bank accounts of Allterco Properties EOOD and Allterco Trading EOOD in DSK Bank.

In relation to the signed in 2019 contract for sale of five subsidiaries, the Buyer did not pay the last installment of the purchase price at the amount of 3 053 thousand BGN in accordance with the agreed payment schedule. The management of Allterco take the necessary actions, as per the terms of the signed Share Purchase Agreement, though opening and arbitration case in the International Arbitration of Vienna.

6. Transactions with related parties

Key management remuneration

The key management of the Group includes the Executive directors and the members of the Board of Directors.

The remuneration of the key management for the reporting period was as follows:



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

	2021	2020
Short-term remuneration	-	-
Salaries	971	691
Total	971	691

The companies included in the Group are disclosed in item 1.3. During the reporting period the Group did not engage in transactions with its shareholders or entities, which could be considered as related parties.

7. Financial instruments by category

The accounting policies for financial instruments are applied to the items listed below

Structure of financial assets and liabilities by categories is as follows:

<i>Financial assets according to the Statement of financial position</i>	December 31, 2021				Total
	Cash	Financial assets reported at depreciated value	Financial assets reported at fair value through other comprehensive income	Financial assets reported at fair value through profit or loss	
Cash and cash equivalents	30 541	-	-	-	30 541
Other long term financial assets	-	-	2 624	-	2 624
Non-current trade receivables	-	2 054	-	-	2 054
Current trade receivables	-	12 405	-	-	12 405
Deposits and guarantees	-	22	-	-	22
TOTAL FINANCIAL ASSETS	30 541	14 481	2 624	-	47 646

<i>Financial liabilities according to the Statement of financial position</i>	December 31, 2021			Total
	Financial liabilities reported at depreciated value	Financial liabilities reported at a specifically determined value	Financial liabilities reported at fair value through profit or loss	
Leasing	138	-	-	138
Bank loans	2 579	-	-	2 579
Trade liabilities	931	-	-	931
Liabilities for purchase of shares	665	-	-	665
Guarantees	61	-	-	61
Other liabilities	-	-	-	-
TOTAL FINANCIAL LIABILITIES	4 374	-	-	4 374

<i>Financial assets according to the Statement of financial position</i>	December 31, 2020				Total
	Cash	Financial assets reported at depreciated value	Financial assets reported at fair value through other comprehensive income	Financial assets reported at fair value through profit or loss	
Other long term financial assets	-	-	6 566	-	6 566
Cash and cash equivalents	26 050	-	-	-	26 050



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Trade receivables	-	8 550	-	-	8 550
Deposits and guarantees	-	14	-	-	14
TOTAL FINANCIAL ASSETS	26 050	8 564	6 566	-	41 180

December 31, 2020				
<i>Financial liabilities according to the Statement of financial position</i>	Financial liabilities reported at depreciated value	Financial liabilities reported at a specifically determined value	Financial liabilities reported at fair value through profit or loss	Total
Lease	106	-	-	106
Bank loans	3 029	-	-	3 029
Trade liabilities	756	-	-	756
Liabilities for purchase of shares	675	-	-	675
Guarantees	90	-	-	90
TOTAL FINANCIAL LIABILITIES	4 656	-	-	4 656

8. Financial risk management

In the course of their normal business, the Group companies may be exposed to various financial risks, the most significant of which are: market risk (currency risk, risk of changes in fair value and price risk), credit risk, liquidity risk and interest rate risk. The general financial risk management is focused on forecasting the changes in the financial markets to minimize potential adverse effects on financial performance. Financial risks are currently identified, measured and monitored through various control mechanisms to determine adequate measures and to avoid unjustified exposure to any potential financial risk.

Financial risk management is an ongoing process directly supervised by the management of the Group and financial experts. It is carried in accordance with a policy established by the Board of Directors of the Parent-company, which has developed the basic principles of general financial risk management. On the basis of those principals specific procedures for managing the individual specific financial risks are defined.

The various types of financial risks to which Group companies are exposed in the course of their business operations are described below, as well as the approach taken to mitigate them.

Market Risk

a. Currency risk

The Group companies carry out their transactions in Bulgaria, some in the European Union and others in third countries (Asia and USA). The biggest portion of supplies made by the Group companies are in Bulgarian lev (BGN), Euro and US dollars. In order to control the currency risk, a system for planning the supplies from countries inside and outside the European Union is used, as well as procedures for periodic monitoring of movements in exchange rates of foreign currencies and control of forthcoming payments.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

The tables below summarize the exposure to currency exchange rates:

	in EUR	in USD	in another foreign currency	in BGN	Total
December 31, 2021					
Cash and cash equivalents	6 180	11 063	-	13 298	30 541
Non-current trade receivables	2 054	-	-	-	2 054
Current trade receivables	10 036	1 344	419	606	12 405
Deposits	-	11	-	11	22
TOTAL ASSETS	18 270	12 418	419	13 915	45 022

Lease	18	-	-	120	138
Bank loans	2 517	62	-	-	2 579
Trade payables	370	68	-	493	931
Liabilities for purchase of shares	-	-	-	665	665
Guarantees	-	-	-	61	61
TOTAL LIABILITIES	2 905	130	-	1 339	4 374

	in EUR	in USD	In other foreign currency	In BGN	Total
31 December 2020					
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade receivables	7 698	97	-	755	8 550
Cash and cash equivalents	10 542	387	-	15 121	26 050
Deposits	-	-	-	14	14
TOTAL ASSETS	18 240	484	-	15 890	34 614
Bank loans	843	10	-	2 176	3 029
Leasing	-	-	-	106	106
Trade liabilities	291	111	-	354	756
Liabilities related to purchase of shares	-	-	-	675	675
Guarantees	-	-	-	90	90
TOTAL LIABILITIES	1 134	121	-	3 401	4 656

Currency sensitivity analysis

The Group companies are not exposed to foreign currency risk with respect to their euro transactions.

Currency risk is associated mainly to payments in US dollars and Norwegian krone (NOK). As of December 31, 2021, 27.58% of the Group's current financial assets are in USD and 0.93% in NOK.

b. Price risk

The Group companies are exposed to a specific price risk with respect to the prices of the services provided and goods sold. Minimizing the price risk of negative changes in prices is achieved by periodically analyzing and renegotiating contractual terms in order to update prices in the light of market changes.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Allterco JSCo. owns shares of Link Mobility Group that are traded on a regulated market. During the year the Company sold part of its shares and reported profit from the transaction. The remaining shares are exposed to price risk.

Risk of interest-bearing cash flows

There is no significant concentration of interest-bearing assets in the Group companies, except for loans granted and free cash on current accounts with banks. For this reason, the operating cash flows are to a great extent independent of changes in market interest rates.

At the same time, the cash outflows of the Group companies for the reporting period are exposed to interest rate risk due to the use of bank loans in EUR agreed at a variable interest rate.

Cash in current accounts with banks is subject to interest at interest rates according to the tariffs of the respective banks.

The exposure of the Group companies to changes in market interest rates is constantly monitored and analyzed. Different scenarios of refinancing, renewal of existing interest rates and alternative financing are simulated. The calculations cover significant interest-bearing positions.

	interest-free	with floating interest rate %	with fixed interest rate %	Total
December 31, 2021	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	30 541	-	-	30 541
Current trade receivables	12 405	-	-	12 405
Non-current trade receivables	2 054	-	-	2 054
Deposits	22	-	-	22
TOTAL ASSETS	45 022	-	-	45 022
Lease	-	-	138	138
Bank loans	-	679	1 900	2 579
Trade payables	931	-	-	931
Liabilities for purchase of shares	665	-	-	665
Guarantees	61	-	-	61
TOTAL LIABILITIES	1 657	679	2 038	4 374

	interest-free	with floating interest rate %	with fixed interest rate %	Total
December 31, 2020	BGN'000	BGN'000	BGN'000	BGN'000
Trade receivables	8 550	-	-	8 550
Cash and cash equivalents	26 050	-	-	26 050
Deposits	14	-	-	14
TOTAL ASSETS	34 614	-	-	34 614
Bank loans	-	853	2 176	3 029
Leasing	-	-	106	106
Trade liabilities	756	-	-	756
Liabilities related to purchase of shares	675	-	-	675



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Guarantees	90	-	-	90
TOTAL LIABILITIES	1 521	853	2 282	4 656

Credit Risk

The financial assets of the Group companies are concentrated mainly in two groups - cash (cash on hand and in bank accounts) and receivables from clients.

Credit risk is basically the risk that the customers of the Group companies will not be able to pay the due amounts in full and in the usual terms. Receivables from customers are presented in the consolidated statement of financial position at fair value. An impairment for doubtful and difficult-to-collect receivables has been accrued, based on previous experience with events leading to losses from uncollectability.

The Group companies do not have a significant concentration of credit risk. Their policy is to negotiate a credit period longer than 60 days only with customers that have a long trading history and cooperation with the Group companies. Payments from customers are made by bank transfers.

Significant part of Group's revenue is generated by mobile operators or other client, which in most cases are large companies with very good credit ratings.

The collectability and concentration of trade receivables is monitored on an ongoing basis, in accordance with the established policy of the Group companies. For this purpose, regularly the Finance and Accounting Departments review the open positions by customers and receipts, and make an analysis of outstanding amounts.

As of December 31, 2021 cash and banks transfers are allocated to several banks, which mitigates the risk related to cash and cash equivalents exposure.

Liquidity Risk

Liquidity risk is the risk that the companies face difficulties in meeting their financial obligations. Part of the Group customers are mobile operators or other big companies that have a very good credit rating and meet their payment deadlines.

The Group companies maintain a conservative liquidity management policy aimed at constantly maintaining an optimum cash reserve and the ability to finance their business. They also use some borrowed credit resources.

To control liquidity risk, the Group companies control the timely payment of liabilities in accordance with the agreed payment terms with each client.

The Group companies monitor and control the actual and forecasted cash flows and try to match the maturities of assets and liabilities. On an ongoing basis the maturity and timely payment are monitored by accounting department and daily information on available cash and the obligations for future payments is maintained.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

December 31, 2021	up to 1 month BGN'000	1-3 months BGN'000	3-6 months BGN'000	6-12 months BGN'000	1-2 years BGN'000	2-5 years BGN'000	over 5 years BGN'000	with no maturity BGN'000	total BGN'000
Cash and cash equivalents	125	-	-	-	-	-	-	30 416	30 541
Current trade receivables	9 048	455	-	2 902	-	-	-	-	12 405
Non-current trade receivables	-	-	-	-	1 027	1 027	-	-	2 054
Deposits	-	-	-	-	-	-	-	22	22
TOTAL ASSETS	9 173	455	-	2 902	1 027	1 027	-	30 438	45 022
Lease liabilities	3	7	10	38	27	53	-	-	138
Bank loans	48	109	158	256	523	1 103	382	-	2 579
Trade payables	839	17	25	50	-	-	-	-	931
Liabilities for purchase of shares	10	20	30	605	-	-	-	-	665
Guarantees	-	-	-	-	-	-	-	61	61
TOTAL LIABILITIES	900	153	223	949	550	1 156	382	61	4 374

31 December 2020

	up to 1 month BGN'000	1-3 months BGN'000	3-6 months BGN'000	6-12 months BGN'000	1-2 years BGN'000	2-5 years BGN'000	over 5 years BGN'000	with no maturity BGN'000	total BGN'000
Trade receivables	3 434	1 962	99	3 055	-	-	-	-	8 550
Cash and cash equivalents	-	-	125	-	-	-	-	25 925	26 050
Deposits	-	-	-	-	-	-	-	14	14
TOTAL ASSETS	3 434	1 962	224	3 055	-	-	-	25 925	34 614
Bank loans	42	83	148	228	511	1 497	520	-	3 029
Leasing	5	16	16	7	26	36	-	-	106
Trade liabilities	680	76	-	-	-	-	-	-	756
Liabilities related to purchase of shares	-	-	-	-	675	-	-	-	675
Guarantees	-	-	-	90	-	-	-	-	90
TOTAL LIABILITIES	727	175	164	325	1 212	1 533	520	-	4 656

Capital risk management

With the capital management the Parent Company aims to create and maintain the ability for continuous operations (going concern company) and to ensure the appropriate return on investment to shareholders, as well as to maintain optimal capital structure in order to reduce capital costs.

Allterco JSCo monitors its capital structure using the debt ratio. It is calculated as the ratio between the net debt capital and the total amount of capital. Net debt is defined as the difference between all borrowings (current and non-current) as stated in the consolidated statement of financial position and cash and cash equivalents. The total amount of capital is equal to the equity and the net debt capital.

The table below presents the debt ratios based on the capital structure as of:



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

	December 31, 2021	December 31, 2020
Total debt capital, incl.:	6 833	8 857
- Bank loans	2 579	3 029
- Lease liabilities	138	106
Reduced by cash and cash equivalents	30 541	26 050
Net debt capital	(23 708)	(17 193)
Total equity	65 540	56 836
Total capital	41 832	39 643
Ratios of indebtedness	0.00%	0.00%

The Group is not in debt for the reporting periods, as cash exceeds the total debt capital.

9. Fair value

Usually, external independent appraisers are used for the assessment of fair value of significant assets. The need of external appraisers is assessed annually by the management of the Company. External appraisers are chosen based on their professional experience, qualities and reputation.

The Group's policy is to disclose in its financial statements the fair value of financial assets and liabilities for which information about market prices is available.

For the purpose of fair value disclosure, the Company determines different classes of assets and liabilities, depending on their nature, characteristics and risk, and on the relevant level in the fair value hierarchy set out in Significant Accounting Policies.

The Company's management has estimated that the fair values of cash and cash equivalents, trade receivables, trade payables, finance lease and bank loans are close to their book values due to the short-term nature of these instruments and their timely payment over time.

The table below shows the book value and fair value of financial assets and liabilities, including their levels in the value hierarchy. Fair value information is not presented if the book value is considered reasonably equal to the fair value.

December 31, 2021	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	30 541	-	-	-
Current trade receivables	12 405	-	-	-
Other long term financial investments	2 624	2 624	-	-
Non-current trade receivables	2 054	-	-	-
Deposits	22	-	-	-
TOTAL ASSETS	47 646	2 624	-	-
Financial liabilities				
Lease	138	-	-	-
Bank loans	2 579	-	2 545	-
Trade payables	931	-	-	-



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Liabilities for purchase of shares	665	-	-	-
Guarantees	61	-	-	-
Other liabilities	0	-	-	-
TOTAL LIABILITIES	4 374	-	2 545	-

	Book value	Level 1	Level 2	Level 3
December 31, 2020				
Financial assets				
Other long term financial investments	6 566	6 566	-	-
Cash and cash equivalents	26 050	-	-	-
Trade receivables	8 550	-	-	-
Deposits in companies and guarantees	14	-	-	-
TOTAL ASSETS	41 180	6 566	-	-
Financial liabilities				
Lease	106	-	-	-
Bank loans	3 029	-	2 578	-
Trade payables	756	-	-	-
Liabilities for purchase of shares	675	-	-	-
Guarantees	90	-	-	-
Other liabilities	0	-	-	-
TOTAL LIABILITIES	4 656	-	2 578	-

During 2020 a transfer has been made of long-term investments in shares from Level 3 to Level 1 on the ground that the shares have been registered for trade on a regulated stock exchange. No transfers have been made during the reporting period.

10. Events after the end of reporting period

The following important events, which are considered non-adjusting, occurred after the end of the reporting period:

10.1 Extraordinary General meeting of shareholders

The Company has announced to the FSC and to the Public the following information:

We hereby inform you that at its extraordinary session held on 08.04.2022, the General Meeting of Shareholders of Allterco JSCo adopted the following resolutions:

1. The General Meeting of the Shareholders increased the number of the members of the Board of Directors from 3 to 5, where the General Meeting of the Shareholders confirms the current members of the Board of Directors and appoints, in addition, the following new members: Mr. Wolfgang Kirsch and Mr. Gregor Bieler
2. The General Meeting of Shareholders approved amendments to the Remuneration Policy
3. The General Meeting of Shareholders approved amendments and supplements to the Statute of the



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Unless otherwise stated, all amounts are in BGN thousand.

Company

4. The General Meeting of Shareholders approved the remuneration, the management guarantee and the compensation of the new Board Members

5. The General Meeting of the Shareholders approved the terms and conditions for buyback of up to 80,000 own shares until 31 December 2022 at price in the range from BGN 15 to BGN 30 per share. The buyback can be done at once or in part in one or several buyback procedures (until the maximum number of shares is reached) by the Company and/or any of its subsidiaries through an investment intermediary from any shareholder through stock exchange and/or OTC transactions. The Board of Directors is authorized to undertake all other specific parameters of the buyback and to take all necessary legal and factual actions in execution of this resolution of the General Meeting of Shareholders

The Company will publish the minutes of the General Meeting within the legally established period.

Some of the decisions are subject to entry in the Commercial Register and the Register of Non-Profit Legal Entities.

In compliance with the decision of the General Meeting of the Shareholders and the Statute of the Company, the Board of Directors has appointed Mr. Wolfgang Kirsch and Mr. Dimitar Dimitrov as Chief Executive Officers of the Allterco JSCo in a later meeting held the same day (8 April 2022).

In compliance with the decisions taken by the general meeting of shareholders, during the first meeting of the new Board of Directors, carried on April 8, 2022, the following appointments were made:

- Gregor Bieler - Chairmen;
- Nikolay Martinov – Deputy Chairmen;
- Dimitar Dimitrov – Executive Director and representative;
- Wolfgang Kirsch – Executive Director and representative;
- Svetlin Todorov – Member and representative;

The representative members of the Board of Directors represent the company jointly or separately.

For further information, please visit www.allterco.com

10.2 Military conflict between Russia and Ukraine

In February 2022, following the start of military conflict between Russia and Ukraine, some countries announced new packages of sanctions against the sovereign debt of Russian Federation, a number of Russian banks and a number of Russian citizens.

As a result of increasing geopolitical tension, a significant volatility of some financial markets, and in particular, the depreciation of Russian ruble against USD and EUR is observed since February 2022. It is expected that those events will affect the activities of the Russian and Ukrainian companies in different economic sectors



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

*EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**AS OF DECEMBER 31, 2021*

Unless otherwise stated, all amounts are in BGN thousand.

The Group is not exposed directly, or through related parties, or through key clients and suppliers, to the countries involved in the conflict.

The Group considered this event as non-adjusting event after the end of the reporting period the effect of which cannot be assessed at this time with an acceptable level of accuracy.

The management is analyzing the possible impact of the changing micro and macroeconomic conditions on the financial and operating results of the Group.

10.3 Change in the fair value of long-term financial investments

Allterco JSCo. owns long-term investments in financial instruments (shares of Link Mobility Group Holding ASA), which are traded on a regulated market. After the date of current financial statements, a drop in the price of those financial instruments is observed, which, to some extent, according to the management of the Group, is due to the overall negative trend of financial markets as a consequence of the military conflict in Ukraine.

The management monitors the financial performance of Link Mobility Group Holding and believes that the drop in its share price is temporary. In this context the event is considered as a non-adjusting event after the end of reporting period.

10.4 Allterco Robotic Ltd. capital increase

On March 14, 2022, the board of directors of Allterco JSCo decided to increase the capital of its wholly owned subsidiary Allterco Robotics Ltd. The goal of the capital increase is to accelerate the development of new products, to increase the production capabilities and finance the entrance to new markets.

The registered capital of Allterco Robotics was increased from the current level of BGN 1 500 000 to BGN 7 000 000 by issuing new 5 500 000 shares at par value of BGN 1,00 each. The whole new emission was subscribed by Allterco JSCo and was funded entirely with own funds.

10.5 Goods in transit

As of the date of the current financial statements all goods in transit, presented in note 3.09 above arrived at the warehouses of the Group.

10.6 Preliminary data on consolidated sales revenue for Q1 2022

On April 14, 2022 the Group announced preliminary data about the consolidated sales revenue for the first quarter of 2022. The data show 26.2% year-to-year increase in consolidated revenue from sales of devices (including related services) to BGN 17.4 million (EUR 8.9 million). While the revenue from sales of Shelly-branded smart home devices increased by 25.1%, amounting to BGN 16.6 million (EUR 8.5 million), the revenue from sales of MyKi tracking devices decreased by 8.7% to BGN 447 thousand (EUR 229 thousand), showing trend of recovery mainly as a result of the phasing out the anti-pandemic measures taken by the governments of a number of countries where the devices are being sold.



ALLTERCO JSCo
Unified Identification Code (UIC): 201047670
CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

CONSOLIDATED ANNUAL REPORT ON THE BUSINESS ACTIVITIES OF

ALLTERCO JSCo FOR FINANCIAL YEAR 2021



THIS BUSINESS ACTIVITY REPORT IS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ART. 39 ET SEQ. FROM THE ACCOUNTING ACT, ART. 100N, PARAGRAPH 7 OF THE PUBLIC OFFERING OF SECURITIES ACT AND ANNEXES No 2 OF ORDINANCE No 2 DATED 9 NOVEMBER 2021 ON PROSPECTUSES FOR PUBLIC OFFERING AND ADMISSION TO TRADING ON A REGULATED SECURITIES MARKET AND DISCLOSURE OF INFORMATION.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

DEAR SHAREHOLDERS,

We, the members of the Board of Directors of ALLTERCO JSCo., committed to manage the company in the best interest of the shareholders, as well as on the basis of the requirements of the provisions of Art. 39 et seq. of the Accounting Act (in force since 01.01.2016), Art. 100n, Paragraph 7 of the Public Offering of Securities Act and Annex No. 2 of Ordinance No. 2 of 9 November 2021 on prospectuses for public offering and admission to trading on a regulated securities market and for disclosure of information, have prepared this activity report (hereinafter "The Report"). The Report provides comments and analysis of the financial statements and other material information regarding the financial position and the results achieved by the company operations. The report contains an objective review that presents truthfully and honestly the development and performance of ALLTERCO JSCo, as well as its status, together with a description of the main risks it faces.

The circumstances that occurred in 2021, which the company's management believes may be of significance to the investors in deciding to acquire, sell or continue to hold publicly offered securities, have been disclosed within the time limits provided for in the Public Offering of Securities Act and by the Financial Supervision Commission, investors and the regulated securities market.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

This Report on the activity of Allterco JSCo presents information about the company on a consolidated basis as of 31 December 2021 and covers the period 01.01.2021-31.12.2021 ("reporting period").

I. GENERAL INFORMATION ABOUT THE COMPANY

ALLTERCO JSCo is a public limited company with the following main business activity: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation, sale and assignment of licenses for the use of patents and other intellectual and industrial property rights; financing of companies in which the Company participates; purchase of goods and other goods for resale in the raw, processed or treated form; sale of goods from own production; foreign trade transactions; commissions, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consultancy and marketing transactions; providing management and administration services to local and foreign legal entities; as well as any other commercial transactions not prohibited by the law.

The Company was entered in the Commercial Register on 11 February 2010.

As of 31.12.2020 ALLTERCO JSCo has its registered office, telephone, fax, e-mail, web site as follows:

- Current registered office as of the date of preparing this Report on address: *City of Sofia 1407, 103 Chemi Vrah Blvd*
- Tel: +359 2 9571248
- e-mail: investors@allterco.com
- Web page: www.allterco.com

As of the end of the reporting period, the issued, subscribed, paid up and registered capital of the Company amounts to BGN 17 999 999 (seventeen million nine hundred and ninety-nine thousand nine hundred and ninety-nine leva), divided into 17 999 999 (seventeen million nine hundred and ninety-nine thousand nine hundred and ninety-nine) dematerialized ordinary registered voting shares with par value of 1 (one) BGN for each share.

The share capital was fully paid in by five contributions:

- Contribution in kind representing 100% of the shares of Teravoice EAD (Solely-owned PLC), with a monetary valuation of BGN 50 000 (fifty thousand leva);
- Contribution in kind representing 69.60% of the shares of Tera Communications AD (PLC), with a monetary valuation of BGN 5 438 000 (five million four hundred and thirty-eight thousand leva);
- A combination of contributions in kind and monetary contributions worth BGN 8 012 000 (eight million and twelve thousand leva).
- Cash contributions with a total value of BGN 1 500 000 (one million and five hundred thousand leva) against subscribed and paid 1 500 000 (one million and five hundred thousand) dematerialized ordinary registered voting shares with a par value of 1 BGN as a result of a procedure for initial public offering of a new issue of shares.
- Cash contributions with a total value of BGN 2 999 999 (two million nine hundred and ninety-nine thousand nine hundred and ninety-nine leva) against subscribed and paid 2,999,999 (two million nine hundred and ninety-nine thousand nine hundred and ninety-nine) dematerialized ordinary registered voting shares with a par value



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

of 1 BGN as a result of a procedure for initial public offering of a new issue of shares. The public offering of shares from the capital increase of Allterco JSCo was held in the period 28.09.2020 – 30.10.2020 on the basis of a Prospectus together with its supplements as affirmed by the Financial Supervision Commission with Ordinance No 148-E of 18.02.2020, Decision No 405-E of 11.06.2020, Decision No 601-E of 13.08.2020 and Decision No 791-E of 29.10.2020.

As of 31 December 2020, the capital structure of ALLTERCO JSCo is as follows:

SHAREHOLDER NAME	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	32.48 %
Dimitar Dimitrov	32.48 %
Other individuals and legal entities	35.04 %

1. In-kind contributions have been made in the last three financial years

In the last three financial years, no in-kind contributions have been made to the company's capital.

2. Information about the issuer's management system

As of 31.12.2021, ALLTERCO JSCo has a one-tier management system - 3-member Board of Directors, according to a resolution of the General Meeting of Shareholders dated 20.12.2020, entered in the Commercial Register under No. 20210105090633

As of 31.12.2021, the members of the Board of Directors are:

- Dimitar Stoyanov Dimitrov
- Svetlin Iliev Todorov
- Nikolay Angelov Martinov

As of the end of the reporting period, there has been a change in the composition of the Board of Directors, with the resolution of the General Meeting of Shareholders of 08.04.2022 changing the number of the Board members from three to five, where Mr. Wolfgang Kirsch and Mr. Gregor Bieler join to the current members.

Pursuant to the resolution of the General Meeting of Shareholders at its first meeting held on 08.04.2022, the Board of Directors elects from among its members the following executive members, Chairman and Deputy-Chairman:

- Gregor Bieler - Chairman;
- Nikolay Martinov - Deputy Chairman;
- Dimitar Dimitrov - Executive Director and Representative;
- Wolfgang Kirsch - Executive Director and Representative;
- Svetlin Todorov - Member of the Board of Directors and Representative;

II. REVIEW OF THE COMPANY'S BUSINESS ACTIVITY AND STATUS

As of 31.12.2021, Allterco JSCo reports investments in the following companies:

- 100% of the capital of Allterco Robotics EOOD, Bulgaria;
- 100% of the capital of Allterco Properties EOOD;
- 100% of the capital of Allterco Trading EOOD
- 100 % of the capital of Allterco Robotics US (previously named Global Teracomm Inc., (DBA Allterco Robotics);



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

- 100 % of the capital of Allterco Europe GmbH;

During the reporting period Allterco JSCo has participated in the establishment of a company (associated company) in China, Allterco Asia Ltd. 91440300MA5GMK2T5B, with domicile and registered office: number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, Guangdong Province China. The capital of the new company is CNY 100 000, as the participation of Allterco JSCo is 30% with an option to acquire additional up to 50% and reach a controlling stake of up to 80% in case of good development of the project.

During the reporting period there was change in the economic group of Allterco JSCo:

- On September 27, 2021 the Board of Directors of Allterco JSCo has approved and the Company, as a seller, has signed with Skylight Venture Capital Pte. Ltd., as a buyer, an agreement for the sale of the participations of Allterco JSCo in the subsidiaries ALLTERCO PTE (Singapore), ALLTERCO SDN (Malaysia) and ALLTERCO Co., Ltd. (Thailand) (Share Purchase Agreement (SPA). The transfer of the share ownership is a subject to registration procedures in accordance with applicable laws in each country where each company is registered as a legal entity.
- Allterco JSCo has founded a subsidiary in Germany – Allterco Europe GmbH. The German Company has its seat and registered office in Munich, Germany and capital of EUR 500 000, 100 % held by Allterco JSCo.

III. RESULTS FROM THE ACTIVITY

1. FINANCIAL RESULT

As of the end of the reporting period, ALLTERCO JSCo reported on a consolidated basis a net profit at the amount of BGN 15 962 thousand, compared to the net profit of BGN 13 439 thousand for 2020, and BGN 7 305 thousand for 2019.

The increase of the profit in 2021 compared to 2020 is mainly due to dividends at the amount of BGN 5 million received from a subsidiary company and the realized profit from operation with financial instruments in the amount of BGN 250 thousand. The profit in 2020 and 2019 is also to a great extent influenced by the realized profit from sale of financial instruments.

Table No 1

EQUITY	12/31/2019	%	12/31/2020	%	12/31/2021
Registered capital	15000	20%	18 000	0%	18 000
Retained earnings	13 531	99%	26 938	46%	39 394
Legal reserves	1 500	0%	1 500	20%	1 800
Reserves from issue of shares	-	-	5 703	-5.26%	5 403
Treasury shares	-	-	(138)	-100.00%	-
Other comprehensive income	-	-	4849	-79%	1036
Exchange differences	182	54%	280	-122%	(61)
Non-controlling interests	123	-341%	(296)	-100%	-
TOTAL	30 336	87.35%	56 836	15.37%	65 572

In 2021 the Company records a decrease in other comprehensive income, which is mainly due to revaluation of financial assets that are presented at fair value in the statement of financial position



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

Revenue from ordinary business activity

Table No 2

REVENUE	2019 Thousand BGN	change %	2020 Thousand BGN	change %	2021 Thousand BGN
Sale of goods and production	21 039	85.9%	39 117	50.4%	58 831
Revenue from services and rents	12 279	-41.2%	7 225	-90.6%	678
Other operating revenue	182	456.6%	1 013	47.9%	1 498
Total operating revenue	33 500	41.4%	47 355	28.8%	61 007
Gain from operations with financial assets	8475	-59.3%	3 446	-92.7%	250
Total financial income	8475	-59.3%	3 446	-92.7%	250

As of the end of the reporting period, ALLTERCO JSCo does not report revenue from sale of goods, services and production on a consolidated basis compared to the previous one. In the same time the revenue from services and rents decreased by 90,6% which is mainly due to the telco business.

As of the end of 2021 the Company reports gains from operations with financial instruments, which include:

- BGN 49 thousand from sale of shares of Link Mobility Group
- BGN 201 thousand from the sale of its participation in 3 subsidiaries;

Operating expenses by economic elements

Table No 3

EXPENSES	2019 Thousand BGN	change %	2020 Thousand BGN	change %	2021 Thousand BGN
Materials	862	-84.8%	131	45.0%	190
External services	2 102	-34.5%	1 377	74.9%	2 408
Depreciation	819	-56.9%	353	-45.3%	193
Salaries	3 294	85.6%	6 115	24.1%	7 590
Other administrative expenses	678	6.6%	733	147.4%	1 789
Sales and marketing	428	26.6%	542	397.4%	2 696
Other operating expenses	5 603	-80.1%	1 115	-36.1%	713
Total Operating Expenses	13 786	-24.9%	10 356	50.4%	15 579

As of the end of the reporting period the total operating expenses of ALLTERCO JSCo increased by 50,4% compared to the previous year. This increase is mainly due to the increase of marketing and sales expenses, which increased by 397.4%, the expenses for salaries and social securities, which increased by 24.1% and the expenses for external services which increased by 74.9%.

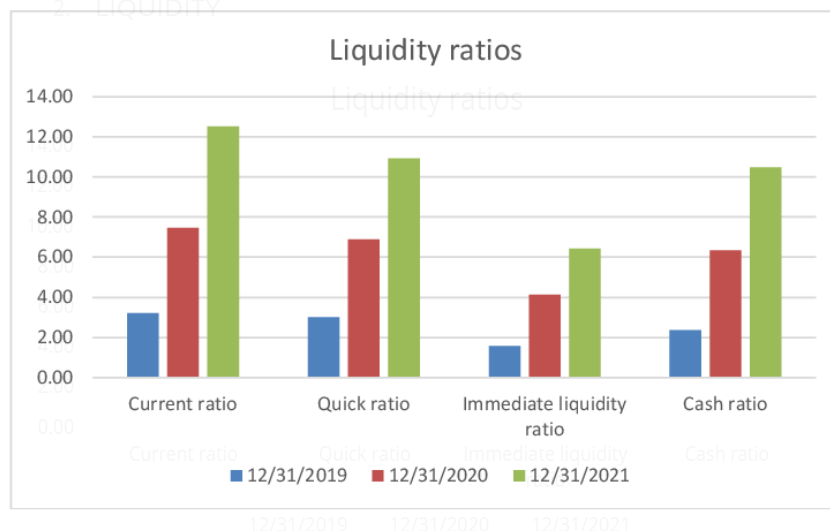
The external services hold the biggest share in the total operating expenses for salaries and social securities with 48.7 %, followed by the expenses for marketing and sales 17.3 % and the expenses for external services with 15,5%.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

FINANCIAL INDICATORS**2. LIQUIDITY****Table No 4**

LIQUIDITY RATIOS	12/31/2019	12/31/2020	12/31/2021
Current ratio	3.21	7.47	12.52
Quick ratio	3.02	6.88	10.93
Immediate liquidity ratio	1.58	4.13	6.44
Cash ratio	2.36	6.34	10.47

The total liquidity ratio at the end of the reporting period increased due to the following: the current assets increased by 26.2% compared to the end of 2020, while the current liabilities decreased by 24.8%.

The quick liquidity ratio at the end of the reporting period increased due to the following: the inventories increased by 106.9% compared to the end of 2020, while the current liabilities decreased by 24.8%.

The immediate liquidity ratio at the end of the reporting period increased due to the following: the current liabilities decreased by 24.8% compared to the end of 2020, while cash increased by 17.2%.

The cash ratio at the end of the reporting period increased due to the following: The current liabilities decreased by 24.8% compared to the end of 2020, while the cash increased by 17.2% and the short-term financial assets have been sold during the reporting period.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

3. CAPITAL RESOURCES

3. CAPITAL RESOURCES

FINANCIAL AUTONOMY RATIOS

FINANCIAL AUTONOMY RATIOS

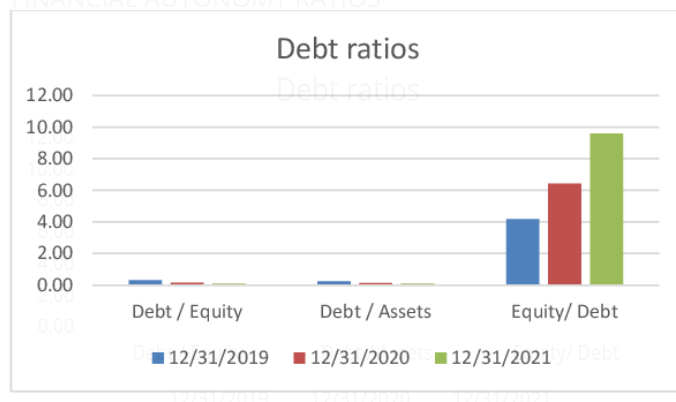


Table No 5

DEBT RATIOS	12/31/2019	12/31/2020	12/31/2021
Debt / Equity	0.31	0.16	0.10
Debt / Assets	0.24	0.13	0.09
Equity / Debt	4.17	6.42	9.60

The change in the debt/equity ratio at the end of the reporting period is due to the following: the Company's total liabilities decreased by 22,9 % compared to the end of 2020, and equity increased by 14,8%.

The change in the debt/assets ratio at the end of the reporting period is due to the following: the Company's total assets increased by 10,2% compared to the end of 2020, while the Company's total liabilities decreased by 22,9%.

The change in the financial autonomy ratio at the end of the reporting period is due to the following: the total liabilities of the Company decreased by 22,8% compared to the end of 2020, and the equity has increased by 14,8%.

3. KEY INDICATORS

3. KEY INDICATORS

Summary information on the financial performance of ALLTERCO JSCo for the last three financial periods is presented

in the following charts and tables:

in the following charts and tables:



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

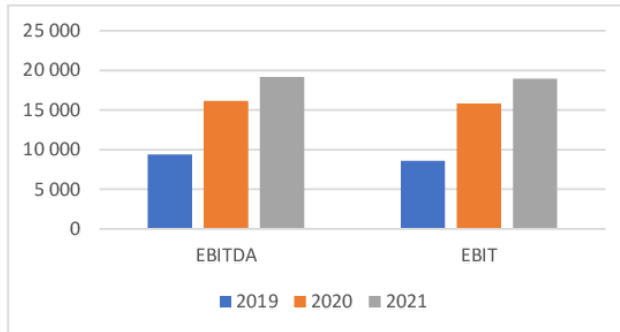


Table No 6

Thousand BGN

	2019	2020	2021
EBITDA	9 383	16 150	19 149
EBIT	8 564	15 797	18 956

The calculation of the above indicators includes the revenues from dividends and the positive differences from the sale of financial assets (realized in the last three reporting periods), which are ordinary operating revenues for a holding company.

Table No 7

Thousand BGN

INDICATORS	2019	2020	2021
Net sales revenue	46 342	46 342	59 509
Equity	30 336	56 836	65 572
Non-current liabilities	2 626	2 549	2 087
Current liabilities	6 929	6 308	4 746
Non-current assets	17 679	18 603	12 991
Current assets	22 212	47 090	59 414
Working capital	15 283	40 782	54 668
Cash	10 931	26 050	30 541
Total debt	9 555	8 857	6 833
Interest expense	102	90	78
Inventories	1 285	3 660	7 560
Short-term receivables	5 431	13 948	19 167
Expenditure on ordinary activities	8 138	9 343	14 081
Expenditure on materials	862	131	190



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

4. PROFITABILITY INDICATORS

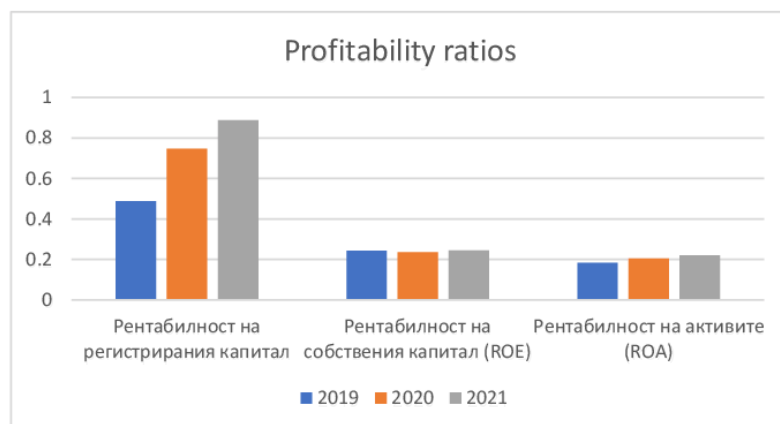


Table No 8

Profitability ratios	2019	2020	2021
Return on Registered capital	0.487	0.747	0.887
ROE	0.242	0.235	0.243
ROA	0.183	0.205	0.220

Return on equity (ROE)

As of the end of the reporting period, the Return on equity ratio increased to 0,243 compared to the same period of the previous financial year. The reason for this is the increase by 18,8% in the net profit of the company. In 2021 compared to 2020, the company's equity increased by 14,8 %.

Return on assets (ROA)

The value of ROA ratio as of the end of the reporting period is 0,220 and increases compared to the previous financial year. For 2020, ALLTERCO JSCo reports an increase of the net profit, whereas the company's assets increased by 10,2%.

Return on registered capital

As of the end of the reporting period, the Return on registered capital is 0,887 and it decreases compared to 2020. In 2021 compared to 2020, the company's net profit increase, whereas the company registered capital is unchanged.

IV. INFORMATION ON ENVIRONMENTAL AND PERSONNEL ISSUES HUMAN RESOURCES

As of the end of the reporting period, the number of employees of the Group is 102, and out of them the number of managerial personnel is 7.

The relationships with workers and employees are regulated with individual employment contracts.

The Company's management strives to improve the standard of living of its employees, including the employees of all Group companies. The total remuneration and social security for 2021 amounted to BGN 7 590 thousand (2020: BGN 6 115 thousand).



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

V. ENVIRONMENTAL PROTECTION POLICY

The company does not carry out activities that harm the environment. Nevertheless, the Company strives to limit the use of materials produced from non-renewable energy sources and implements a program for energy conservation.

VI. REPORTING OF NON-FINANCIAL INFORMATION

In accordance with the requirements of Directive 2014/95/EU of the European Parliament on reporting non-financial information and the provisions of the Accountancy Act, for a number of companies arises an obligation to publish non-financial information alone or as part of the annual business activity reports.

The obligation arises for large public-interest entities which, as at 31 December of the reporting period, exceed the criterion for an average number of employees in the financial year of 500 persons. Companies of public interest are: public companies and other issuers of securities; credit institutions; financial institutions; insurers and reinsurers, pension insurance companies and funds managed by them; investment intermediaries; trading companies that produce, transport and sell electricity and heat; commercial companies that import, transport, distribute and transit natural gas; commercial companies providing water, sewer and telecommunications services; Bulgarian State Railways EAD and its subsidiaries.

Large enterprises are defined as those with net sales revenues - BGN 76 million or the carrying amount of the assets - BGN 38 million.

Given the criteria set out in the Accountancy Act, it can be concluded that Allterco JSCo does not, on a consolidated basis, incur an obligation to report non-financial information on its own or as part of the report of the Board of Directors.

VII. MAJOR RISKS FOR THE COMPANY

The risks related to the business operation of the Company can be generally divided into systematic (overall) and non-systematic (pertaining specifically to its activity and the field where it operates). The Company is also associated with the similar risk categories typical for its activity and field where its subsidiaries operate. In addition, the investors in financial instruments of the Company are exposed to risks related to investments in securities.

SYSTEMATIC RISKS

Systematic risks are related to the market and the macro environment in which the Company operates, which is why they cannot be managed and controlled by the company's management team. Systematic risks are the following: political risk, macroeconomic risk, inflation risk, foreign exchange risk, interest rate risk, tax risk and unemployment risk.


Type of risk	Description
POLITICAL RISK	<p>Political risk is the likelihood of a change of Government, or of a sudden change in its policy, of occurrence of internal political turmoil and adverse changes in European and/or national legislation, as a result of which the environment in which local businesses operate will change negatively, and investors will incur losses. In November 2021, the country held for the second time early parliamentary elections for the Ordinary National Assembly, as a result of which for the political party ruling in last 12 years lost its position in the state governance and a new government is expected to be formed.</p> <p>Political risks for Bulgaria internationally are related to the commitments undertaken to implement serious structural reforms in the country in its capacity as an equal member of the EU, increasing social stability, limiting inefficient spending, on the one hand, as well as the strong destabilization</p>



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

	<p>of the countries of The Middle East, the increasing threat of terrorist attacks in Europe, refugee waves and instability of key countries in the immediate vicinity of Bulgaria.</p> <p>Other factors that also affect this risk are the possible legislative changes and in particular those concerning the economic and investment climate in the country.</p> <p>The geopolitical situation in the region is further complicated by the development of the Russian-Ukrainian crisis after Russia recognized the independence of the two regions in eastern Ukraine and sent troops to Ukraine, while the US and the EU imposed economic sanctions on Russia. Currently the effect of this risk on the Company is insignificant as the focus of the business is not directed towards the Russian and Ukrainian markets and accordingly a minimal portion of the Company's revenue is generated from sporadic one-off sales mainly to end users.</p>										
GENERAL MACRO- ECONOMIC RISK	<p>According to the National Statistical Institute, in December 2021 the <i>total business climate indicator</i> increased by 2.6 percentage points compared to the previous month. An increase in the indicator was observed in construction and retail trade and in the services sector, whereas in the industry sector there is a decrease.</p> <p style="text-align: center;">Business climate - total</p>  <p style="text-align: right;">Source: NSI¹</p> <p>Compared with the previous projections, the growth outlook for the global economy in the December 2021 Eurosystem staff macroeconomic projections has been revised downwards for 2021, remained unchanged for 2022 and been revised upwards for 2023. Global real GDP growth (excluding the euro area) is estimated to increase to 6.0% in 2021, before slowing to 4.5% in 2022, 3.9% in 2023 and 3.7% in 2024. Euro area foreign demand is projected to expand by 8.9% in 2021, 4.0% in 2022, 4.3% in 2023 and 3.9% in 2024. However, foreign demand has been revised downwards for 2021 and 2022 compared with the previous projections²</p>										
INTEREST RATE RISK	<p>The interest rate risk is related to possible, eventual, adverse changes in the interest rates established by the financial institutions of the Republic of Bulgaria.</p> <p>At its meeting in October, 2021, the Board of Directors of the ECB, confirmed its other measures to support the ECB's price stability mandate, namely the level of the key ECB interest rates and the forward guidance on the future path of policy rates. This is crucial for maintaining the appropriate degree of accommodation to stabilize inflation at the ECB's 2% inflation target over the medium term.³</p> <table> <thead> <tr> <th>Date</th><th>Percentage</th></tr> </thead> <tbody> <tr> <td>01.11.2021</td><td>0.00</td></tr> <tr> <td>01.11.2021</td><td>0.00</td></tr> <tr> <td>01.10.2021</td><td>0.00</td></tr> <tr> <td>01.09.2021</td><td>0.00</td></tr> </tbody> </table>	Date	Percentage	01.11.2021	0.00	01.11.2021	0.00	01.10.2021	0.00	01.09.2021	0.00
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01.11.2021	0.00										
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¹<http://nsi.bg/bg/content/14830/общ-показател-на-бизнес-климата>

²https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202108_bg.pdf

³https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202108_bg.pdf



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

	<div> 01.08.2021 0.00 01.07.2021 0.00 01.06.2021 0.00 01.05.2021 0.00 01.04.2021 0.00 01.03.2021 0.00 01.02.2021 0.00 01.01.2021 0.00 *Source: BNB⁴ </div>
INFLATION RISK	<p>Inflation risk is a general rise in prices in which money depreciates and there exists a probability of loss to households and firms.</p> <p>The consumer price index (CPI) is an official measure of inflation in the Republic of Bulgaria. It estimates the total relative change in the prices of goods and services used by households for personal (non-production) consumption and the index is calculated by applying the structure of the final cash consumer expenditure of Bulgarian households.</p> <p>According to the NSI the consumer price index for December 2021 compared to November 2021 is 100.9%, i.e., monthly inflation is 0.9%. The annual inflation for December 2021 compared to December 2020 is 7.8%. The average annual Inflation for the period January - December 2021 compared to the period January – December 2020 is 3.3%.⁵</p> <p style="text-align: center;">*Source: NSI</p> <p>The harmonized index of consumer prices (HICP) is a comparable measure of inflation in EU countries. It is one of the criteria for price stability and for Bulgaria's accession to the euro area. The HICP, like the CPI, measures the overall relative change in the price level of goods and services.</p> <p>According to the NSI the harmonized index of consumer price index for December 2021 compared to November 2021 is 100.8%, i.e., monthly inflation is 0.8%. The annual inflation for December 2021 compared to December 2020 is 6.6%. The average annual Inflation for the period January - December 2021 compared to the period January – December 2020 is 2.8%. In November 2021 the inflation keeps increasing to 4.9 %. During most of 2022 it will stay above 2% whereas in the near future the inflation is expected to stay high, but to decrease in the course of the present year. ⁶</p> <p>The December 2021 Eurosystem staff macroeconomic projections foresee annual inflation at 2.6% in 2021, 3.2% in 2022, 1.8% in 2023 and 1.8% in 2024 – significantly higher than in the previous projections in September. Inflation excluding food and energy is projected to average 1.4% in 2021, 1.9% in 2022, 1.7% in 2023 and 1.8% in 2024, also higher than in the September projections.⁷</p>
CURRENCY RISK	Exposure to currency risk is the dependence and effects of changes in exchange rates. Systemic

⁴ <https://www.bnb.bg/Statistics/StBIRAndIndices/StBIBaseInterestRate/index.htm>

⁵ https://www.nsi.bg/sites/default/files/files/pressreleases/Inflation2021-09_8M1FIED.pdf

⁶ https://www.nsi.bg/sites/default/files/files/pressreleases/Inflation2021-09_8M1FIED.pdf

⁷ https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202108_bg.pdf



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

	<p>currency risk is the probability of a possible change in the currency regime of the country (currency board), which would lead either to BGN devaluation or to BGN appreciation compared to foreign currencies.</p> <p>Currency risk will have an impact on companies with market shares, the payments of which are made in a currency other than BGN and EUR. Since, according to the current legislation in the country the Bulgarian lev is fixed to the euro in the ratio EUR 1 = BGN 1.95583, and the Bulgarian National Bank is obliged to maintain a level of Bulgarian levs in circulation equal to the bank's foreign exchange reserves, the risk of devaluation of the BGN compared to the European currency is minimal and consists in the eventual early abolition of the currency board in the country. At this stage, this seems unlikely, as the currency board is expected to be abolished upon the adoption of the EUR in Bulgaria as an official unit of payment.</p> <p>Theoretically, currency risk could increase when Bulgaria joins the second stage of the European Exchange Rate Mechanism (ERM II). This is a regime in which the country must maintain the exchange rate compared to the EUR within +/- 15% on the background of the central parity. In practice, all countries currently in this mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia, Malta) are witnessing fluctuations that are significantly less than the allowed ones of $\pm 15\%$.</p> <p>On July 10, 2020, Bulgaria joined the ERM II exchange rate mechanism, known as the 'euro area's waiting room'. The central rate of the Bulgarian lev is fixed at EUR 1 = BGN 1.95583. Around this central exchange rate of the BGN, the standard range of plus or minus 15 percent will be maintained. Bulgaria joins the exchange rate mechanism with its existing currency board regime, as a unilateral commitment and without additional requirements to the ECB.⁸ At the same time, our country must enter into close cooperation with the unified banking supervision. The fixed exchange rate of the BGN to the EUR does not eliminate for the Bulgarian currency the risk of unfavorable movements of the euro exchange rate against other major currencies (US dollar, British pound, Swiss franc) on the international financial markets, but at present the company does not consider that such a risk would be material to its business. The company may be affected by currency risk depending on the type of cash flow currency and the type of currency of the company's potential loans.</p> <p>The Allterco JSCo Group companies operate in Bulgaria as well as in EU countries and first countries, mainly in the USA and the Asia-Pacific region. At present, the main revenues from the Group's IoT business are in BGN or EUR, and the costs of delivery of goods in this segment are mainly in US dollars and are largely tied to the Chinese yuan, which is why the appreciation of the US dollar or Chinese yuan would have an adverse effect on the business performance. In terms of US dollar exposure, the Group companies are expected to have significant US dollar sales revenue in the US and other non-EU markets in the future, which to some extent balances the Group's net exposure to this major currency.</p> <p>To limit the effects of the currency risk, the companies of the Group have introduced a system for planning the deliveries from countries inside and outside the EU, as well as procedures for ongoing monitoring of the movements in the exchange rates of the foreign currencies and control over the forthcoming payments. Currently, the Group companies do not use derivative instruments for hedging the currency risk but, if necessary, the management is ready to enter into such transactions.</p>								
Credit risk of the state	<p>Credit risk is the probability of deterioration of Bulgaria's international credit ratings, caused by the government's inability to repay its liabilities regularly. Low credit ratings of the country can lead to higher interest rates, more difficult financing conditions, both for the state and for individual economic entities, including the Issuer. Credit ratings are prepared by specialized credit rating agencies and serve to determine and measure a country's credit risk. Bulgaria's credit rating is presented in the following table:</p> <p>Table 1: Credit risk of Bulgaria</p> <table><tr><th>Credit agency</th><th>Date of last change</th><th>Long-term rating</th><th>Prospects</th></tr><tr><td>Standard & Poor's</td><td>30.11.2021 ⁹</td><td>BBB</td><td>Stable</td></tr></table>	Credit agency	Date of last change	Long-term rating	Prospects	Standard & Poor's	30.11.2021 ⁹	BBB	Stable
Credit agency	Date of last change	Long-term rating	Prospects						
Standard & Poor's	30.11.2021 ⁹	BBB	Stable						

⁸ <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200710~4aa5e3565a.en.html>

⁹ <https://www.minfin.bg/bg/news/11577>

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

	Fitch	22.01.2022 ¹⁰	BBB	Stable
	<p>Source: Ministry of Finance</p> <p>The international credit rating agency S&P Global Ratings affirmed its long-term and short-term foreign and local currency sovereign credit ratings on Bulgaria at “BBB/A-2”. The outlook remains stable.</p> <p>According to the credit rating agency, the economic effects of the pandemic have been manageable, despite a significant health impact. Domestic demand, particularly private consumption, has recovered strongly and the increased absorption of EU funds will lift the medium-term growth outlook. The funds under the previous and current EU Multiannual Financial Framework (EU MFF) and the additional funds under the new Next Generation EU (NGEU) instrument available to the country are estimated at about 40% of the expected 2021 GDP.</p> <p>S&P forecasts the fiscal deficit to remain significant in 2021, too, as a result of the support measures during the pandemic. Although some measures are projected to continue into 2022, the credit rating agency expects the deficits to start narrowing from 2022 and notes Bulgaria’s established record of fiscal prudence under several governments. Despite the fiscal loosening and the increased public leverage, Bulgaria’s net government debt levels remain low at around 20% of GDP, whereas sovereign funding costs have reduced to record-lows.</p> <p>According to S&P, in line with global trends, inflation in Bulgaria has increased in 2021, due to a combination of rising food and energy prices, as well as strengthening domestic demand weighing on core inflation. Price increases should reduce in the second half of 2022.</p> <p>External risks are manageable after several years of external net deleveraging, thanks to recurring current and capital account surpluses, which the credit rating agency expects to continue.</p> <p>The credit rating agency also considers positive that the lev was included in the ERM II and Bulgaria joined the Banking Union in 2020. The ratings are constrained by the country’s GDP per capita, which is moderate by global standards and the remaining structural and institutional impediments.</p> <p>The stable outlook indicates the expectation that Bulgaria’s economic recovery will progress over the next two years, backed by further absorption of additional EU funds. Although several fiscal support measures will extend into 2022, the credit rating agency expects fiscal balances to narrow over the next two years, which will keep public debt low. The stable rating outlook also reflects the expectations that the economy will not incur any external or financial sector imbalances.</p> <p>The credit rating agency could raise the ratings if Bulgaria’s economic recovery coincides with quicker fiscal consolidation or stronger external performance than it currently projects. In the long term, the ratings on Bulgaria could be raised in the course of its accession to the eurozone. The ratings could be lowered if the economic recovery is delayed, for example, because the pandemic’s direct effects prove more long-lasting than currently expected. This would likely result in protracted fiscal consolidation and continuously rising net public debt over the next few years. Although unlikely over the medium term, S&P could take negative rating actions in case of emergence of imbalances in Bulgaria’s financial sector.¹¹</p> <p>The international credit rating agency Fitch Ratings has affirmed Bulgaria’s long-term foreign and local currency Issuer Default Ratings (IDR) at “BBB” with a Positive Outlook.</p> <p>The Positive Outlook reflects the dissipation of macroeconomic risks stemming from the Covid-19 pandemic and a more resilient economy, as well as continued progress towards the euro adoption. According to the credit rating agency, short-term downside risks tied to the pandemic and electoral uncertainty are more than offset by prospects of substantial funding from the EU and a commitment to macro and fiscal stability.</p> <p>Bulgaria’s ratings are supported by its strong external and fiscal position, the credible policy framework, underpinned by EU membership and a long-standing currency-board arrangement. The ratings are constrained by the potential growth due to unfavorable demographics, which could weigh on government finances over the long term. Governance indicators and income levels are slightly above the median for peers.</p> <p>Fitch expects Bulgaria’s economic growth to accelerate to 4.7% in 2021, compared to the estimate for 3% from February. The upward revision reflects better-than-expected 1Q21 GDP and the expected strengthening of domestic demand and exports in the second half of the year. Bulgaria’s low vaccination rate compared to the EU average raises some downside pandemic-related risks; however, according to the agency, authorities are unlikely to put in place more severe containment</p>			



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

	<p>measures that would significantly affect economic activity in the country.</p> <p>Investment is expected to be a key driver of growth over the medium-term, as Bulgaria will be one of the main beneficiaries of EU transfers in the coming years. The analysts of Fitch believe that the significant amount of funds under the Recovery and Resilience Facility (RRF) would support the growth of the economy which is estimated at 3.9% in 2022-23.</p> <p>The credit rating agency projects the fiscal deficit (on accrual basis) at 5% of GDP in 2021, versus 5.5% for the BBB median, reflecting mostly the Covid-19 related expenditure. It expects the deficit to narrow to 2% in 2023, keeping public debt/GDP at below 30% (versus 57% for BBB peers). Fitch considers the plan for euro adoption in 2024 realistic. The country's banking sector is estimated as liquid and well capitalized.</p> <p>The main factors that could lead to positive rating action/upgrade are: progress toward euro area accession and improvement in the economy's growth potential that leads to faster convergence with income levels of higher rated peers. The factors that could lead to negative rating action/downgrade are: adverse policy developments that reduce confidence in economic recovery; a prolonged rise in public debt; the materialization of contingent liabilities on the sovereign's balance sheet or weaker growth prospects.</p>
Unemployment risk	<p>As a major factor influencing consumers' purchasing power, rising unemployment would reduce demand for IoT products. On the other hand, the demand for staff by the business remains extremely active, so that such a risk appears to be negligible within the next year.</p> <p>According to the statistics published by Eurostat 13.984 million men and women in the EU, of whom 11.829 million in the euro area, were unemployed in November 2021. Compared with October 2021, the number of persons unemployed decreased by 247 000 in the EU and by 222 000 in the euro area. Compared with November 2020, unemployment decreased by 1.659 million in the EU and by 1.411 million in the euro area.¹² The level of registered unemployment in the country continued to be low in December – 4.8%, as shows the administrative statistics of the Employment Agency for the month. The decline on an annual basis is by 1.9 percentage points. The registered persons unemployed in the last month of 2021 were 157 283, which is 964 less than in November and 63 009 or 28.6% less than a year earlier. In December, 21 505 new unemployed persons registered with the labor offices, which is 3 145 people less than in the previous month, and compared to December 2020 there was a decrease of 11 102 people.¹³</p>
Risk associated with the legal system	<p>Although Bulgaria has introduced a number of significant legislative changes since joining the EU and most of the Bulgarian legislation has been harmonized with EU legislation, the legal system in the country is still in the process of reform. Judicial and administrative practices remain problematic and it is difficult to effectively resolve property disputes, breaches of laws and contracts and other. Deficiencies in the legal infrastructure can result in uncertainties arising from the implementation of corporate actions, the implementation of supervision and other issues.</p>
TAX RISK	<p>It is essential for the financial performance of the companies to maintain the current tax regime. There is no guarantee that the tax legislation, which is directly relevant to the core business of the Company, will not be changed in a direction that would lead to significant unforeseen expenses and, accordingly, would adversely affect its profit. The taxation system in Bulgaria is still developing, as a result of which a contradictory tax practice may arise.</p>

¹⁰ <https://www.minfin.bg/bg/news/11631>

¹¹ <https://www.minfin.bg/bg/news/11577>

¹² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics

¹³ <https://www.az.government.bg/bg/news/view/2021-g-prikluchi-s-rekordno-nisko-nivo-na-bezrabotica-3772/>

**CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021****NON-SYSTEMATIC RISKS****Risks related to the industry in which the Group operates**

Such risks are: risk of shortage of key personnel, risk of strong competition, risk related to personal data security and hacker attacks, risk of technology change.

Risk of shortage of key personnel

One of the biggest challenges for technology companies, such as the companies of the Group, as well as given the specific scope of their business in the field of telecommunications and engineering and software development, is the shortage of skilled personnel. Insufficient availability of suitable staff in the subsidiaries could adversely affect the future development of the Group due to delays in the development of new products/services and the maintenance of existing ones. On the other hand, the high competition in this sector raises the cost of labor. Thus, the financial position and market share of the Group companies could suffer.

Risk of strong competition

After the sale of most of the telecommunication business of the group, the Group companies operate mainly in the segment of the Internet of Things (IoT). This segment is one of the most modern and promising sectors of the industry, which attracts the interest of many technology giants and start-up companies. The loss or inability to gain market share and the fall in final product prices due to increased competition may have a negative effect on revenue, profit and profit margins. Maintaining a competitive position requires investment in the creation of devices with new utilities, improvement of existing solutions and expansion of market share and it cannot be taken for granted that new developments will be established among the competing ones on the market.

Risk related to personal data security and hacker attacks

The technology industry is characterized by digital transmission of information that could be strictly confidential, containing personal data of users of products, financial information of companies, information about new products and other. The protection of such information is a critical factor for the normal operation of companies in the industry, including of the Group. The sales of the devices and the use by the users of the accompanying mobile applications and cloud services provided by the Group are related to the exchange and storage of personal data. Potential breaches in information security can lead to: i) Loss of customers and/or partners and their migration to competing companies; (ii) Imposing sanctions and lawsuits related to breaches of applicable data protection and privacy laws; iii) Lost or delayed orders and sales; iv) Adverse effects on reputation, business, financial position, profits and cash flows.

Risk of regulatory and specific technical requirements

The supply of IoT devices is related to *regulation regarding the certification of products* for sale in the respective country. In the European Union, products are required to bear the 'CE' marking, which indicates that the product has been evaluated and meets the requirements of safety, health and environmental protection. In the US, the equivalent is 'UL' certification. For certification purposes, accredited laboratories are assigned compliance tests, which involve significant costs. In addition, specifics in the requirements of local regulators and contractors (especially mobile operators) may require additional tests and certification to be performed, which increases the cost of entering a particular market or particular distribution channel.

Sales of the Group companies' products cover an increasing number of markets, which often have local regulation

**CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021**

regarding the certification of similar products in the respective country. Meeting the requirements of local regulation is related to time and resources and may delay the Company in entering new markets or require additional costs in order to meet different standards.

The change in regulatory requirements for devices may involve additional costs for making them compliant with the new requirements, including costs for withdrawing products from the market to making them compliant with these requirements. The Group companies and their local partners regularly monitor planned changes in the legislation and take timely measures to ensure the compliance of products with them.

Eventual changes in the regulations in the telecommunications sector, could have some impact on the operation of the Group as mobile operators are one of the main sales channels for existing MyKi series products. Big part of the devices developed and sold by the companies in the IoT Group use Internet-based technology and can work with the services of any Internet provider. To that effect, the Group is now less dependent on regulations in the field of telecommunications, insofar as the companies in its structure are not providers of telecommunication services and mobile operators are only one of the channels for trade and distribution of IoT devices.

Risk of technology change

The Issuer and its subsidiaries operate in an extremely dynamic segment, in which technologies have a significant impact and are a source of competitive advantage. To that effect, there is a risk of delayed adaptation to new technologies due to lack of knowledge, experience or sufficient funding, which may have a negative impact on the Issuer. The slow adaptation to the new realities may lead to a loss of competitive positions and market shares, which in turn will lead to a deterioration of the Group's performance.

Risks related to the Group's business

Such risks are: operational risk, risk related to business partners, risks arising from new projects and liquidity risk.

Operational risk

Operational risk can be defined as the risk of loss as a result of inadequate or non-functioning internal management procedures. Such risks may be caused by the following circumstances:

- Adoption of wrong operational decisions by the management staff related to the management of current projects;
- Insufficient amount of skilled personnel needed for the development and implementation of new projects;
- Leaving key employees and inability to replace them with new ones;
- Risk of excessive increase in management and administration costs, leading to a decrease in the overall profitability of the Issuer;
- Technical damages leading to prolonged interruption of the provided services may lead to termination of contracts with clients.

The effects of such circumstances would be a decrease in the Issuer's revenues and deterioration of its business performance.

Risk associated with business partners

Production activities in the IoT segment is outsourced, mainly to China, concentrated in several manufacturers. Potential



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

risks associated with key subcontractors are related to the accurate and timely execution of deliveries or termination of business relationships. Although management believes that there is a wide range of alternative suppliers, the possible transfer of production to new partners and diversification of subcontractors may lead to delivery delays and additional costs, which may affect the ability of the Group companies to perform agreed orders from customers and adversely affect the Group's reputation and financial performance.

Risks related to new projects

The main business activity of Allterco JSCo is related to investments in subsidiaries. There is a risk that some of the subsidiaries will not be able to meet their goals, which will lead to lower or negative return on investment.

The development of new products and services by the subsidiaries of Allterco JSCo is related to the investment in human resources, software, hardware, materials, goods and services. Should new products and services fail to be marketed, such investments would be unjustified. This in turn would have a negative impact on the costs and assets of the Company, as well as on the performance of its business activities. In order to manage the risk arising from new projects, the Group companies perform a market analysis, prepare a financial analysis containing different scenarios, and in some cases discuss with potential customers the concept of the new service/product.

Liquidity risk

The expression of the liquidity risk in relation to the Group is associated with the possibility of lack of timely and/or sufficient available funds to meet all current liabilities. This risk may appear both in case of significant delay of the payments by the debtors of the Company, as well as in case of insufficiently effective management of the cash flows from the operation of the Company.

Some of the Group companies use bank financing in the form of an investment loan, overdraft or revolving credit line, which can be used in case of liquidity problems.

The company pursues a conservative liquidity management policy, through which it constantly maintains an optimal liquidity cash reserve and good ability to finance its business activities. In order to control the risk, the Company monitors the timely payment of incurred liabilities. The company monitors and controls the actual and projected cash flows for periods ahead and maintains a balance between the maturity limits of the assets and liabilities.

VIII. IMPORTANT EVENTS AFTER THE DATE OF FINANCIAL STATEMENTS

The events occurring after the reporting date are disclosed in note 10 of the notes to the 2021 consolidated financial statements.

IX. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPMENT OF THE COMPANY

As of the end of the reporting period Allterco JSCo reported on consolidated basis operating revenue in the amount of BGN 61 007 thousand which is an increase of 28.8% compared to the operating revenue on consolidated basis for 2020, which amounted to BGN 47 355 thousand.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

Table No 9

REVENUE	2019 Thousand BGN	change %	2020 Thousand BGN	change %	2021 Thousand BGN
Sale of goods and production	21 039	85.9%	39 117	50.4%	58 831
Revenue from services and rents	12 279	-41.2%	7 225	-90.6%	678
Other operating revenue	182	456.6%	1 013	47.9%	1 498
Total operating revenue	33 500	41.4%	47 355	28.8%	61 007
Gain from operations with financial assets	8475	-59.3%	3 446	-92.7%	250
Total financial income	8475	-59.3%	3 446	-92.7%	250

ALLTERCO JSCo does not carry out direct production activities. The production activity is carried out by the subsidiaries.

In 2022, Allterco JSCo will continue to operate in the following main areas:

Table 10

Company name	Operational area for 2021
Allterco JSCo – mother company	1. Observation, control and decision-making on important issues affecting subsidiaries as sole proprietor or majority owner through: <ul style="list-style-type: none"> • applying the principles of good corporate governance; • organizing conditions for efficient and transparent work; • improving the quality of the offered services and products. 2. Asset transactions of the company and its subsidiaries 3. Establishment of the management structure 4. Financing of investment activity and operating capital of subsidiaries 5. Financial and accounting policy and reporting
Allterco Trading EOOD	1. Manufacturing of child watches and trackers; 2. B2B trading and distribution of IoT devices, developed or manufactured by Allterco Robotics EOOD
Allterco Robotics EOOD	Development and sale of IoT devices. Research and development activities in the area of IoT devices.
Allterco Properties EOOD	Provision of offices and cars for rent.
Allterco Europe GmbH, Germany	Trade and distribution of IoT products in Europe
Allterco Robotics USA Inc., USA	Sale and distribution of IoT products in North and South America

X. ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

The company did not carry out any activities in the field of research and development and does not plan any in the near future. One of the subsidiaries of Allterco JSCo carried out such activity in 2021. This is Allterco Robotics EOOD.

XI. INFORMATION ABOUT THE ACQUISITION OF OWN SHARES REQUIRED IN ACCORDANCE WITH ART. 187e (1) OF THE COMMERCIAL ACT

1. Number and nominal value of own shares acquired and transferred during the year, the part of the capital they represent, as well as the price for the acquisition or the transfer

In 2021, ALLTERCO JSCo did not acquire or transfer its own shares.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

In 2021, two of the subsidiaries of Allterco JSCo, namely Allterco Robotics EOOD and Allterco Trading EOOD have disposed of shares (ISIN BG1100003166) from the capital of the public listed parent company, which according to Art. 187f, item 2 of the Commerce Act is equivalent to acquisition of own shares.

In December 2020 Allterco Robotics EOOD and Allterco Trading EOOD acquired a total of 20 000 shares of Allterco JSCo, representing 0.11% of the capital of the public company, in order to be provided to employees of the two subsidiaries under conditions additionally determined by the management. The shares were acquired on a regulated market - Bulgarian Stock Exchange AD on 02.12.2020 at market price. Allterco Robotics EOOD has purchase of 13 000 shares and Allterco Trading EOOD - 7 000 shares. The shares were acquired on a regulated market at price of BGN 6.90.

In 2021, within the statutory period of one year from the date of acquisition, the companies have transferred the said number of shares pursuant to a resolution of the Board of Directors to grant shares to employees of these companies. The transfer transactions are as follows:

Allterco Robotics EOOD has transferred:

- in January 2021 – 3883 shares at average price of BGN 6.925 per share outside regulated market;
- in December 2021 – 9117 shares at average price BGN 24.40 per share outside regulated market;

Allterco Trading EOOD has transferred:

- in January 2021 - 2099 shares at average price of BGN 6.916 per share outside regulated market;
- in December 2021 – 4901 shares at average price BGN 24.40 per share outside regulated market;

2. Number and nominal value of own shares and the part of the capital they represent

As of the end of the reporting period, the Company does not hold own shares.

As of the end of the reporting period neither of the Company's subsidiaries, including Allterco Robotics EOOD and Allterco Trading EOOD holds shares of the of the public listed parent company, equal to own shares.

XII. INFORMATION REQUIRED UNDER ART. 247 OF THE COMMERCIAL ACT**1. Total remuneration received during the year by the members of the Board of Directors.**

The members of the Board of Directors of Allterco JSCo received the following remunerations in 2021.

Table No 11

Full name	Position	Gross/thousand BGN
Dimitar Stoyanov Dimitrov	Executive Director	48
Svetlin Iliev Todorov	Chairperson of the Board of Directors	48
Nikolay Angelov Martinov	Independent member	34

As of the end of the reporting period all remunerations are paid to the members of the Board of Directors.

No further remunerations -money and non-cash compensation are paid to the members of the Board of Directors.

There are no special rights or any privileges for the members of the Board of Directors stipulated in the Articles of Association of the Company.

During the reporting year, some of the members of the Board of Directors received remuneration from the subsidiaries for performing other functions.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

2. Shares and bonds of the Company acquired, owned and transferred by the members of the Board of Directors during the year:

As of the end of the reporting period, the shares held by members of the Board of Directors of ALLTERCO JSCo are:

Table No. 12

Name	PERCENTAGE OF THE CAPITAL
Dimitar Stoyanov Dimitrov	32.48 %
Svetlin Iliev Todorov	32.48 %
Nikolay Angelov Martinov*	0 %

* Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD, in which he is the sole owner of the capital and manager, Impetus Capital OOD and Impetus Partners OOD, in which he is a partner respectively with 50% and 43,75 % of the capital and manager, as well as Imventure I KDA and Imvencher II KDA, in which he is a representative of the legal entity - "IMPETUS CAPITAL" OOD, have respectively: "Unicom Consult "EOOD – 84,750 shares (0.47%), Impetus Capital OOD 27,000. shares and 162,000 voting rights (0.9%), Impetus Partners OOD 405,000 shares (2.25%) ImVenture I KDA 123,288 shares (0.68%), Imventure II KDA - 68,493. shares (0.38%) in the capital of Allterco JSCo and a total 708,531 number of shares and 843,531 voting rights (4.686%) of the voting rights in its General Meeting.

3. Rights of the members of the Board of Directors to acquire shares and bonds of the Company

The members of the Board of Directors of the company may freely acquire shares from the capital of the company on a regulated securities market in compliance with the provisions of the Law on the enforcement of measures against market abuse of financial instruments, REGULATION (EU) No 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on market abuse (market abuse regulation) and the Public Offering of Securities Act.

On the basis of the provision of Art. 19 of the Market Abuse Regulation the members of the Board of Directors of the company, other persons holding executive functions in the Issuer, and the persons closely related to them, shall notify in writing the Adventure Company and FSC of any transactions concluded on their behalf with shares issued by Allterco JSCo within 3 business days after the transaction. The obligation to notify does not apply when the total amount of transactions concluded by a person performing management functions in the issuer and in the persons closely related to him does not exceed EUR 5 000 within one calendar year.

4. Participation of the members of the Board of Directors in companies as unlimited partners, holding more than 25 percent of the capital, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members as of the end of the reporting period:

Table No 13

Dimitar Dimitrov as of 31.12.2021		
Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners	Participation in the capital of other companies	Companies in which the person exercises control
DVR Review EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, Zhitna Charshiya Street, Floor 1	DVR Review EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, Zhitna Charshiya	DVR Review EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, Zhitna Charshiya Street,



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

	Street, Floor 1	Floor 1 – direct;
Auto Lex Consult EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 201113818, with registered office in the city of Sofia, Vitosha municipal district, 5A, Nikola Petkov Blvd., Floor 4;	Auto Lex Consult EOOD (Solely-owned LLC), entered in the Commercial Register at the Registry Agency under Unified Identification Code 201113818, with registered office in the city of Sofia, Vitosha District, 5A, Nikola Petkov Blvd., Floor 4;	Auto Lex Consult EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 201113818, with registered office in the city of Sofia, Vitosha municipal district, 5A, Nikola Petkov Blvd., Floor 4 – direct;
Allterco Pte. Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 (as of the date of this report, this circumstance is no longer relevant);	Teracomm OOD (Ltd.), Unified Identification Code (UIC): 131267949, having its registered seat and headquarters address in the city of Sofia 1782, Mladost District, 113A, Tsarigradsko Shose Blvd.,	Allterco Robotics EOOD (Solely-owned LLC), Unified Identification Code (UIC): 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. – indirect through ALLTERCO JSCo
Allterco Robotics US (previous company name Global Teracomm Ltd.), USA, with seat and management address: 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA	Web Engine OOD (Ltd.), Unified Identification Code (UIC): 200303120, having its registered seat and headquarters address in the city of Sofia, Sofia 1619, Vitosha District, 5A, Nikola Petkov Blvd.:	Allterco Europe GmbH, registration number HRB 271205, registered office: Lothstr. 5, 80335 München, Germany -- indirect through ALLTERCO JSCo
		Allterco Trading EOOD (Solely-owned LLC) (former name Allterco Finance OOD /Ltd./), Unified Identification Code (UIC): 203348672, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. – indirect through ALLTERCO JSCo;
		Allterco Properties EOOD (Solely-owned LLC), Unified Identification Code (UIC): 204639442, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. – indirect through ALLTERCO JSCo t;
		Allterco Co Ltd, a company incorporated under the laws of Thailand with seat and management address: 19 th Floor, Ayothaya Tower, Soi Ratchada 18, Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand – indirect through ALLTERCO JSCo (as of 31.12.2021 this circumstance is no longer relevant);
		Allterco Pte Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 – direct; (this circumstance has ceased to exist after the end of the reporting period)



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

		Allterco SDN Ltd., Malaysia, having its registered seat and headquarters address in A-3-35B Ioi Boulevard, Jalan Kenari 7, Bandar Puchong Jaya, 47170 PUCHONG, SELANGOR – indirect through ALLTERCO JSCo;
		Allterco Asia Ltd. registration number 91440300MA5GMK2T5B, registered office number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China – indirect through Allterco JSCo

Svetlin Todorov as of 31.12.2021

Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners	Participation in the capital of other companies	Companies in which the person exercises control
Teracomm OOD (Ltd.), Unified Identification Code (UIC): 131267949 having its registered seat and headquarters address in city of Sofia, 113A, Tsarigradsko Shose Blvd.,	FF Film Haus OOD (Ltd.), Unified Identification Code (UIC): 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street – direct;	Allterco Robotics EOOD (Solely-owned LLC), Unified Identification Code (UIC): 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Chemi vrah Blvd. – indirect through Allterco JSCo;
FF Film Haus OOD (Ltd.), UIC 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street	Teracomm OOD (Ltd.), Unified Identification Code (UIC): 131267949 having its registered seat and headquarters address in the Sofia, 113A, Tsarigradsko Shose Blvd. – 20%	Allterco Europe GmbH, registration number HRB 271205, registered office: Lothstr. 5, 80335 München, Germany – indirect through ALLTERCO JSCo
Allterco Robotics US (previous company name Global Teracomm Ltd.), USA, having its registered seat and headquarters address in 5851 W. Charleston Blvd, Las Vegas, NV 89146, USA	Web Engine OOD (Ltd.), Unified Identification Code (UIC): 200303120, having its registered seat and headquarters address in the city of Sofia, 5A, Nikola Petkov Blvd. – 20%	Allterco Properties EOOD (Solely-owned LLC), Unified Identification Code (UIC): 204639442, having its registered seat and headquarters address in the city of Sofia, 103, Chemi Vrah Blvd. – indirect through Allterco JSCo;
		Allterco Trading EOOD (Solely-owned LLC) (Allterco Finance OOD /Ltd./), Unified Identification Code (UIC): 203348672, having its registered seat and headquarters address in the city of Sofia, 103, Chemi Vrah Blvd. – indirect through Allterco JSCo;
		Allterco Co Ltd, a company incorporated under the laws of Thailand with seat and management address: 19 th Floor, Ayothaya Tower, Soi Ratchada 18, Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand – indirect through Allterco JSC (as of 31.12.2021 this circumstance is no longer relevant);
		Allterco Pte Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 – indirect through Allterco JSCo (that circumstance has ceased to exist after the



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

		<i>end of the reporting period);</i>
		Allterco SDN Bhd., Malaysia, having its registered seat and headquarters address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR -indirect through Allterco JSCo (<i>this circumstance has ceased to exist after the end of the reporting period);</i>
		Allterco Robotics US (previous company name Global Teracomm Ltd., USA, having its registered seat and headquarters address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - direct;
		FF Film Haus OOD (Ltd.), Unified Identification Code (UIC): 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street - direct;
		Allterco Asia Ltd. registration number 91440300MA5GMK2T5B, registered office number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China – indirect through Allterco JSCo

Nikolay Martinov - as of 31.12.2021

Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners	Participation in the capital of other companies	Companies in which the person exercises control
Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9;	Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9 - direct;	Allterco Robotics EOOD (Solely-owned LLC), Unified Identification Code (UIC): 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;
Online Media OOD (Ltd.), Unified Identification Code (UIC):117004285, having its registered seat and headquarters address in the town of Ruse 7000, 6a, PRIDUNAVSKI Blvd., Entrance B (2), Floor 1, Apt. 1;	Online Media OOD (Ltd.), Unified Identification Code (UIC): 117004285, having its registered seat and headquarters address in the town of Ruse 7000, 6a, Pridunavski Blvd., Entrance B (2), floor 1, apt. 1 - direct and indirect through Unicom Consult EOOD (solely- owned LLC), Unified Identification Code (UIC): 121082655	Allterco Properties EOOD (Solely-owned LLC), Unified Identification Code (UIC): 204639442, having its registered seat and headquarters address in the city of Sofia, 103, Chemi Vrah Blvd. - indirect through ALLTERCO JSCo;



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

Inbro OOD (Ltd.), Unified Identification Code (UIC): 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha District, 271, Tsar Boris III Blvd., Floor 5;	Inbro OOD (Ltd.), Unified Identification Code (UIC): 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., fl. 5 - direct and indirect through Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655;	Allterco Co Ltd, a company incorporated under the laws of Thailand with seat and management address: 19th Floor, Ayothaya Tower, Soi Ratchada 18, Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand – indirect through ALLTERCO JSCo (as of 31.12.2021 this circumstance is no longer relevant);
BIOSEEK JSC, Unified Identification Code (UIC): 204790412, having its seat address and management address at: city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37	Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 203592737, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8 - direct;	Allterco Pte Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 - indirect through ALLTERCO JSCo (that circumstance has ceased to exist after the end of the reporting period);
BIODIT AD (PLC), Unified Identification Code (UIC): 203854303, having its seat address and management address at: city of Sofia 1756, Studentski municipal district, 125 Kliment Ohridski Blvd. - via IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code (UIC): 203592737	Impetus Partners OOD (Ltd.), Unified Identification Code (UIC): 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8 - indirect via Impetus Capital OOD (Ltd.), Unified Identification Code/Personal Identification Code (UIC/PIC): 203592737	Allterco SDN Bhd., Malaysia, having its registered seat and headquarters address in A-3-35B Ioi Boulevard, Jalan Kenari 7, Bandar Puchong Jaya, 47170 Puchong, Selangor - indirect through ALLTERCO JSCo (this circumstance has ceased to exist after the end of the reporting period);
IMVENTURE I KDA, Unified Identification Code (UIC): 204870431 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - as a representative representing legal entity - IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code (UIC): 203592737	Housmeister AD, Unified Identification Code (UIC): 203037803, having its registered seat and headquarters address in Sofia region, Municipality of Kostinbrod, town of Kostinbrod 2230, 1 Detelina Street - direct	Allterco Robotics US (previous company name Global Teracomm Ltd.), USA, having its registered seat and headquarters address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - indirect through ALLTERCO JSCo;
IMVENTURE II KDA, Unified Identification Code (UIC): 205737996 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - as a representative representing legal entity - IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/ (UIC): 203592737	UNITED COMMERCIAL OUTLETS, Unified Identification Code (UIC): 205329927, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel residential district, Block of flats 48, Entrance B(2) Apt. 47 - indirect through ImVenture I KDA, UIC: 204870431	Allterco Trading OOD (Ltd.) (former name Allterco Finance), Unified Identification Code (UIC): 203348672, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. - indirect through ALLTERCO JSCo;
UNITED COMMERCIAL OUTLETS, Unified Identification Code (UIC): 205329927, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel residential district, Block of flats 48, Entrance B(2) Apt. 47	BROWSWAVE AD (PLC), Unified Identification Code (UIC): 204458374, having its registered seat and headquarters address in the city of Sofia city, Serdica municipal – indirect through ImVenture I KDA, UIC: 204870431 and ImVenture II KDA, UIC: 205737996	Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655, having its registered seat and headquarters address in the city of Sofia 1619, district of Vitosha, 271, Tsar Boris III Blvd., Floor 5, Apt. 9 - direct;



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

IMPETUS CAPITAL OOD (Ltd.), UIC: 203592737, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8	BIOSEEK JSC, Unified Identification Code (UIC): 204790412, having its seat address and management address at: city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37 - indirect through ImVenture I KDA, UIC: 204870431	Online Media OOD (Ltd.), Unified Identification Code (UIC): 117004285, having its registered seat and headquarters address in the town of Ruse 7000, 6a, PRIDUNAVSKI Blvd., Entrance B (2), Floor 1, Apt. 1 - direct;
IMPETUS PARTNERS OOD (Ltd.), Unified Identification Code (UIC): 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8 - indirect via Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 203592737		Inbro OOD (Ltd.), Unified Identification Code (UIC): 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5 - direct;
BROWSWAVE AD (PLC), Unified Identification Code (UIC): 204458374, having its registered seat and headquarters address in the city of Sofia city, Serdica municipal district, 14 Tajga Str,		Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 203592737 having its registered seat and headquarters address in the city of Sofia city, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - direct;
„ImPuls I“ AD, UIC 206421264, Sofia 1784, district Mladost, Mladost 1, block. 29A, entrance. A, floor 8, ap. 38 – as representative of IMPETUS CAPITAL OOD (Ltd.), (UIC): 203592737		Impetus Partners OOD (Ltd.), Unified Identification Code (UIC): 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8 - indirect through Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 203592737
		BIODIT AD (PLC), Unified Identification Code (UIC): 203854303, having its seat address and management address at: city of Sofia 1756, Studentski municipal district, 125 Kliment Ohridski Blvd. - indirect through IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code (UIC): 203592737
		BIOSEEK JSC, Unified Identification Code (UIC): 204790412, having its seat address and management address in the city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37 – indirect through ImVenture I KDA, Unified Identification Code (UIC): 204870431
		IMVENTURE I KDA, Unified Identification Code (UIC): 204870431 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - indirect through Impetus Capital OOD, UIC/PIC 203592737



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

		IMVENTURE II KDA, Unified Identification Code (UIC): 205737996 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - indirect through Impetus Capital OOD (Ltd.), Unified Identification Code (UIC) 203592737
		UNITED COMMERCIAL OUTLETS Unified Identification Code (UIC): 205329927 having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel residential district, Block of flats 48, Entrance B(2), Apt. 47 - indirect through ImVenture I KDA, Unified Identification Code (UIC): 204870431
		BROWSWAVE AD (PLC), Unified Identification Code (UIC): 204458374, having its registered seat and headquarters address in the city of Sofia city, Serdica municipal district, 14, Tayga Street - indirect through ImVenture IKDA, Unified Identification Code (UIC): 204870431 and ImVenture II KDA, Unified Identification Code (UIC): 205737996
		A4E OOD (Ltd.), Unified Identification Code (UIC): 203608928, having its registered seat and headquarters address in the city of Sofia city, Ovcha Kupel district, zh.k. Ovcha Kupel 1, block 48, entrance B, ap. 47, - indirect through ImVenture IKDA, Unified Identification Code (UIC): 204870431
		„ImPuls F“ AD, UIC 206421264, София 1784, district Mladost, Mladost 1, block. 29A, entrance. A, floor 8, ap. 38 – as representative of IMPETUS CAPITAL OOD (Ltd.), (UIC): 203592737
		Allterco Asia Ltd. registration number 91440300MA5GMK2T5B, registered office number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China – indirect through Allterco JSCo
		Allterco Europe GmbH, registration number HRB 271205, registered office: Lothstr. 5, 80335 München, Germany – indirect through ALLTERCO JSCo

5. Agreements signed in 2020 with the members of the Board of Directors or related to them parties that fall outside of the usual scope of business activity of the Company or deviate significantly from the market conditions

In 2021, no contracts were concluded with the members of the Board of Directors of the Company or with related persons who go beyond the ordinary activities of the company or significantly deviate from market conditions.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

6. The planned economic policy in the next year, incl. expected investments and staff development, expected income from investments and development of the Company, as well as forthcoming transactions of material importance for the Company's activity

Changes in the economic policy of the Company in 2022 are not foreseen. The revenues of the Company will continue to be generated mainly from dividends.

It is expected in 2022 the number of employees in the subsidiaries will increase significantly because of

1. the expanding of the market presence
2. increase of the R/D capacity of the subsidiaries

XIII. AVAILABLE BRANCHES OF THE ENTERPRISE

The Company has no registered branches.

XIV. FINANCIAL INSTRUMENTS USED BY THE COMPANY

Allterco JSCo did not use financial instruments in 2021 to hedge risks from changes in foreign currency exchange rates, interest rates or uncertainty of cash flows. During the reporting year, the company did not perform currency risk hedging transactions.

The Company could have exposure to liquidity, market, interest rate, currency and operational risks arising from the use of financial instruments.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

XV. ADDITIONAL INFORMATION UNDER APPENDIX No 2 TO ORDINANCE No 2 OF FSC

- 1. Information about the value and quantity on the main categories of goods, products and/or services provided, indicating their share in the issuer's sales revenue as a whole and the changes occurring during the accounting financial year.**

Allterco JSCo does not carry out direct production activities. The production activity is carried out by the Issuer's subsidiaries.

- 2. Information on revenues broken down by category of activity, internal and external markets as well as information on the sources of supply of materials necessary for the production of goods or the provision of services reflecting the degree of dependence on each individual seller or buyer/user, in case the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is provided for each person separately, about their share in the sales or purchases and their relations with the issuer.**

Information on revenue, broken down by main categories of activities is presented in the following table:

Table No 14

REVENUE	2019 Thousand BGN	change %	2020 Thousand BGN	change %	2021 Thousand BGN
Sale of goods and production	21 039	85.9%	39 117	50.4%	58 831
Revenue from services and rents	12 279	-41.2%	7 225	-90.6%	678
Other operating revenue	182	456.6%	1 013	47.9%	1 498
Total operating revenue	33 500	41.4%	47 355	28.8%	61 007
Gain from operation with financial assets	8475	-59.3%	3 446	-92.7%	250
Total financial income	8475	-59.3%	3 446	-92.7%	250

As of the end of the reporting period Allterco JSCo reported on consolidated basis operating revenue in the amount of BGN 61 007 thousand, which is an increase of 28.8% compared to the operating revenue on consolidated basis in 2020, which amounted to BGN 47 355 thousand.

The revenue from sale of devices increased by 50.4% in the reporting period compared to 2020.

In the last three periods the Company reports profit of operations with financial assets.

- 3. Information about concluded significant deals**

During the reporting period Allterco JSCo has conclude significant transactions within the ordinary scope of business, which might be considered significant due to their specifics:

- ✓ During the reporting period Allterco JSCo has established an associated company in China - Allterco Asia Ltd. with registered office in Shenzhen. The registered capital of the new company is CNY 100 000 and the participation of Allterco JSCo is 30 % with an option to acquire additional up to 50% and reach a controlling stake of 80%.
- ✓ During the reporting period Allterco JSCo, as a seller, has signed with Skylight Venture Capital Pte. Ltd., as a buyer, an agreement for the sale of the thousand participations of Allterco JSCo in the subsidiaries ALLTERCO PTE (Singapore), ALLTERCO SDN (Malaysia) and ALLTERCO Co., Ltd. (Thailand) (Share Purchase Agreement



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

(SPA) as follows:

- Purchase price: EUR 2 100 000 determined after due diligence and on the basis of an independent valuation of the sold companies
- Payment terms:
 - 50% - at completion date after fulfilment of the seller's obligations;
 - 25% - within 18 months as of the completion date;
 - 25% - within 36 months as of the completion date.
- ✓ Collateral: first priority pledge of the shares of the capital of ALLTERCO PTE (Singapore) and ALLTERCO SND (Malaysia) in favor of ALLTERCO JSCo to secure the obligation of Skylight Venture Capital Pte. Ltd. for the deferred payment of 50 % of the purchase price;

The transfer of the shares is subject to registration according to the applicable legislation in the country of registration of the respective company.

- ✓ During the reporting period the Board of Directors of Allterco JSCo has approved the financing of the activity of the associated company Allterco Asia Ltd as follows: a loan amount up to a limit of EUR 250 000, for a period of 1 year against one-month EURIBOR, increased by 2,7 (two point seven) point of allowance per year, but not less than 2,7% (two point seven percent) total annual interest, which is accrued on a 3-month basis to the utilized amount of the loan limit. As of the date of the report, no cash have been transferred to the associated company in connection with the approved financing.
- ✓ In reference to additional cash contributions provided by Allterco JSCo to its subsidiary Allterco Trading EOOD in the amount of 900 000, whereas as of the end of the reporting period the term of the additional cash contribution provided to Allterco Trading EOOD is extended by another one year.
- ✓ Allterco JSCo has founded a subsidiary in Germany – Allterco Europe GmbH. The German company has its seat and registered office in Munich, Germany and capital of EUR 500 000, 100 % held by Allterco JSCo

4. Information on transactions concluded between the Issuer and related parties during the reporting period, proposals for such transactions as well as transactions that are outside its ordinary activity or materially deviate from the market conditions, where the issuer or its subsidiary is a party with indication of the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the Issuer's financial position.

During the reporting period Allterco JSCo did not enter into large transactions with related party, nor did it make or received offers for such transactions.

During the reporting period the Company did not enter into any related party transactions within the meaning of IAS 24, except for the following transactions entered into with subsidiaries that are in the ordinary course of business, which include:

- ✓ The Company uses cars provided by its subsidiary at a total cost of BGN 17 thousand.
- ✓ Allterco JSCo has extended the term of the cash contribution of EUR 900 000, that it provided to the subsidiary Allterco Trading EOOD in 2019. The revenue from interest for the period amounted to BGN 18 thousand.
- ✓ the Board of Directors of Allterco JSCo has approved the financing of the activity of the associated company Allterco Asia Ltd as follows: a loan amount up to a limit of EUR 250 000, for a period of 1 year against one-



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

month EURIBOR, increased by 2,7 (two point seven) point of allowance per year, but not less than 2,7% (two point seven percent) total annual interest, which is accrued on a 3-month basis to the utilized amount of the loan limit. As of the date of the report, no cash have been transferred to the associated company in connection with the approved financing.

All intercompany transactions have been eliminated in preparing the consolidated financial statements

5. Information about events and indicators of unusual for the Issuer nature that have a significant impact on its activities and its realized revenues and expenses; assessing their impact on results in the current year.

During the reporting period there were no events or indicators in unusual nature for Allterco JSCo. Allterco JSCo is a joint stock company - holding, whose scope of business includes acquisition, management, assessment and sale of participations in Bulgarian and foreign companies. Within the scope of its business in 2020, the Company has carried out a transaction for sale of participations in companies outside its economic group, namely:

- ✓ Sale of Allterco's shares in the subsidiary companies ALLTERCO PTE (Singapore), ALLTERCO SDN (Malaysia) and ALLTERCO Co., Ltd. (Thailand) to Skylight Venture Capital Pte. Ltd. under the following conditions
 - Purchase price: EUR 2 100 000 determined after due diligence and on the basis of an independent valuation of the sold companies
 - Payment terms:
 - 50% - at completion date after fulfilment of the seller's obligations;
 - 25% - within 18 months as of the completion date;
 - 25% - within 36 months as of the completion date.
 - Collateral: first priority pledge of the shares of the capital of ALLTERCO PTE (Singapore) and ALLTERCO SDN (Malaysia) in favor of ALLTERCO JSCo to secure the obligation of Skylight Venture Capital Pte. Ltd. for the differed payment of 50 % of the purchase price;

The transfer of the shares is subject to registration according to the applicable legislation in the country of registration of the respective company

- ✓ Provided financing for the operations of the associated company Allterco Asia Ltd. with the following parameters: limit of the financing extended - 250 000 EUR, time period - 1 year, interest rate – 1-month EURIBOR+ 2.7% (two point seven) on annual base, but not less than 2.7% (two point seven percent) annual interest rate which is calculates on 3-month base on the outstanding part of the loan. As of the date of this report no funds had been transferred to the associated company.

6. Information about off-balance-sheet transactions - nature and business purpose, indication of the financial impact of transactions on the business if the risk and benefits of those transactions are material to the company and disclosure of such information is material to the Issuer's financial condition.

During the reporting period the Company did not enter into transactions that were conducted off-balance sheet beside those reported under item 7 Conditional Liabilities of the consolidated financial statement of the Company.



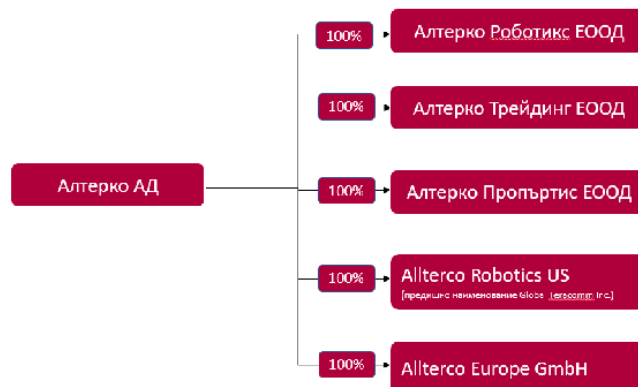
ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

7. Information on stake holdings of the Issuer, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate) as well as investments in equity securities outside its Group of companies within the meaning of the Accountancy Act and the sources/ways of financing.

As of the end of the reporting period, the economic group of Allterco JSCo consists of the following subsidiaries:



The company holds 695 411 shares of the capital of Victory Partners VIII Norway Holding AS (current name Link Mobility Group Holding ASA, "Link Holding"). The specified number of shares represents the balance of a total of 1 345 180 shares received as part (20%) of the price, under the Share Purchase Agreement (SPA) dated 29.06.2019 for the sale of the telecommunications business of Allterco JSCo in Europe, concluded with Link Mobility Group AS. As of the date of this Report there are no restrictions on the free disposal of the specified number of shares.

During the reporting period Allterco JSCo has participated in the establishment of a company (associated company) in China, Allterco Asia Ltd. The investment is BGN 8 thousand (30% of the company's capital). Allterco JSCo holds an option to acquire additional up to 50% and reach a controlling stake of up to 80% in case of good development of the project.

8. Information about loan agreements concluded by the company or its subsidiary or parent company, in their capacity of borrowers, with specification of their terms, including deadlines for repayment, as well as information on guarantees and commitments.

Allterco JSCo is a borrower under a Mortgage (investment) loan agreement dated 25.08.2017, concluded with Raiffeisenbank Bulgaria EAD, secured by a guarantee of the subsidiary Allterco Properties EOOD.

Allterco JSCo has assumed joint liability and a guarantee obligation for securing two bank financing agreements concluded by its subsidiary Allterco Robotics EOOD with Raiffeisenbank Bulgaria EAD.

Table 15

Contract	Annex	Creditor	Debtor	Joint debtor/ Guarantor	Amount/ Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Investment credit 25.08.2017 Contract pursuant to	Annex 1/ 31.10.2018		Allterco JSCo	Tera Communications AD -joint debtor (excluded)	EUR 1 620 000	Fixed interest rate for the whole period 3% annually; Management fee	10.05.2029	Mortgage on real estate, owned by Allterco Properties EOOD;



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

Art. 114, Paragraph 10 of the Public Offering of Securities Act		Raiffeisen bank Bulgaria EAD		Allterco Properties EOOD - joint debtor				Pledge of receivables on all accounts of the group opened with the bank; Pledge under Financial Collateral Contracts Act;
Overdraft 30.09.2019 - contract in accordance with Art. 114, Paragraph 10 of the Public Offering of Securities Act	Annex 1/ 28.08.2020	Raiffeisen bank Bulgaria EAD	Allterco Robotics EOOD	Allterco JSCo - guarantor	EUR 1 000 000	1-month EURIBOR, increased by 2.5 percentage points, but not less than 2.5% Management fee; Commitment fee; Guarantee issue fee;	29.09. 2022	Pledge of receivables on bank accounts;
Contract for standard investment No 2757 dated 28.09.2020	none	DSK Bank AD	Allterco Properties EOOD	Allterco Trading EOOD – joint debtor	EUR 450 000	Annual interest formed by variable interest rate 1-month EURIBOR+2.1 %, but not less than 2.1%; Annual management fee;	28.09.2024	Real estate mortgage, owned by Allterco Properties EOOD; Pledge on receivables on bank accounts of Allterco Properties EOOD and Allterco Trading EOOD in DSK Bank.

9. Information on loan agreements concluded by the Issuer, its subsidiary or parent company, in their capacity as lenders, including the provision of guarantees of any kind, including to related parties, with specification of their special terms, including the final payment deadlines, and the purpose for which they were granted.

In 2019 Allterco JSCo has provided to its subsidiary Allterco Trading EOOD additional cash contributions in the amount of EUR 900 000 each, for a period of 1 year, against an annual interest rate of 1%, the interest being accrued on base of 360 days. The interest income on provided additional cash contributions amounts to BGN 18 thousand. At the end of the reporting period the term of the additional cash contribution provided to Allterco Trading EOOD was extended by another one year. The interest rate not paid at the end of the reposting period amounts to BGN 4 thousand.

The Company has decided on the financing the activity of the associated company Allterco Asia Ltd as follows: a loan amount up to a limit of EUR 250 000, for a period of 1 year against one-month EURIBOR, increased by 2,7 (two point seven) point of allowance per year, but not less than 2,7% (two point seven percent) total annual interest, which is accrued on a 3-month basis to the utilized amount of the loan limit. As of the date of the report, no cash have been transferred to the associated company in connection with the approved financing

Allterco JSCo did not conclude other loan agreements in its capacity of a lender.

The subsidiaries have provided guarantees in the form of joint liability under bank financing agreements, as indicated in the table in the foregoing item 8.

10. Information on the use of funds from new issue of securities during the reporting period.

In 2020, the Company issued new securities as a result of a successful capital increase through an initial public offering. In the course of the offer were subscribed and paid 2 999 999 (two million nine hundred and ninety-nine thousand nine hundred and ninety-nine) dematerialized ordinary registered voting shares with a nominal value of one lev.



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

As of the end of the reporting period, the Company has spent part of the funds from the new issue of shares, as follows:

- ✓ Expansion and building of the distribution network: participation in local and international exhibitions and registration of a subsidiary in Germany which will build on the distribution network and develop new sales channels in Western Europe.;
- ✓ Working capital: increase inventories of production and of critical electronic components for the manufacturing process.
- ✓ R&D development: increase of IT and engineering staff; device certification.

11. Comparison between the achieved financial results presented in the financial statements for the financial year and previously published forecasts.

Allterco JSCo has not published forecasts for the current financial year on consolidated basis.

In relation to the Prospectus for public offering of shares from the capital increase of Allterco JSCo, approved by the Financial Supervision Commission with Resolution № 148 dated 18.02.2020, the Company has presented new forecasts for the period 2020-2024 which are included in the Registration document, part II of the Prospectus, available on the website of the issuer at https://alterco.com/en/IPO_2020_PROSPEKT and on the website of the investment intermediary Karoll AD at <https://karollbroker.bg/bg/cap-increase-allterco>.

12. Analysis and evaluation of the policy on financial resources management, specifying the capabilities for servicing the obligations, possible threats and measures that the Issuer has undertaken or is about to undertake to mitigate the risks.

ALLTERCO JSCo carries out its operational activities in a way that the management of the two-point financial resources is exclusively subordinated to the maintaining of such a capital structure that will allow the company to combine the lower risk of using only own funds with the higher efficiency and flexibility of cash flow under conditions of debt financing so that the Company is able at any time to switch from one type of financing to another, depending on its specific needs.

In connection with the epidemiological situation in the Republic of Bulgaria and the related measures to combat the COVID 19 pandemic, the Company has taken appropriate measures to limit the impact of this situation on the business operation and to ensure continuity of the work and production processes with minimal delay.

Impact of COVID 19 on the business activity:

In 2021, the management continued to successfully implement certain stabilization measures to limit potential negative impact on the Company's personnel and/or financial position. As a result of these measures (introduction of a hybrid work option for Group employees; timely resourcing of key production components), the Group is reporting a positive trend in its business development and expects this trend to continue in 2022.

13. Assessment of the possibilities for realization of investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of financing this activity.

In 2022 the Company plans to continue investing in the development of Internet of Things through its subsidiaries.

The investment program will be funded with Company's own cash and raised funds, if necessary.

**CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021****14. Information on changes that occurred during the reporting period in the key management principles of the Company and its subsidiaries within the meaning of the Accountancy Act.**

During the reporting period, there were no changes in the basic principles for managing the Company and its Group of companies.

15. Information on the main features of the internal control and the risk management system applied by the Company in the financial reporting.**A general description of the internal control and risk management system**

The Company has a system of internal control and risk management ("the system") that guarantees the effective functioning of the reporting and disclosure systems as well as an audit committee. The system is built and functioning in order to identify the risks associated with the Company's activities and their effective management. The Board of Directors has the primary responsibility and role in establishing the internal control and risk management system. It performs both managing and guiding function as well as ongoing monitoring.

The ongoing monitoring by the management consists of assessing whether the system is still appropriate for the company in a changed environment, whether it operates as expected and whether it adapts successfully to the changed conditions. The evaluation of selected areas is in line with the company's priorities. The evaluation is also commensurate with the specifics of the company and the impact of the identified risks.

The Board of Directors monitors the main features and characteristics of the system, including identified incidents and the respective applied corrective actions.

The Audit Committee assists the Board of Directors in the exercise of their control functions and powers with regard to the financial reporting process, the internal control system, the audit process and monitoring on compliance with the provisions of applicable national and European legislation, as well as the company's internal policies. The Audit Committee holds regular meetings, fulfilling the functions assigned to it by law and the General Meeting of Shareholders in accordance with the adopted Statutes.

Control environment

The control environment includes the functions of general management, as well as the attitude, awareness and actions of the corporate management pertaining to internal control.

- **Commitment for competence.** The Board of Directors of the company, as well as those involved in the internal control and risk management process, have the relevant knowledge and skills necessary to perform the tasks that their subordinates perform. The executive members of the Board of Directors of the company take care to monitor the levels of competence required for the specific jobs and the ways in which those competences become necessary requisites.
- **Participation of persons involved with general management.** The control environment is greatly influenced by the people involved in the general management, namely the Board of Directors. The responsibilities of the members of the Board of Directors are stated in the Statutes of the company and the management contracts. In addition, the Executive Members of the Board of Directors are also responsible for the supervision of the effective functioning of the early warning procedures and of improving the company's internal control.
- **Philosophy and operational style of the management.** The philosophy and operational style of the

**CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021**

management cover a wide range of characteristics. The attitudes of the members of the Board of Directors and their actions in relation to financial reporting are manifested through the choice of more conservative accounting principles.

- **Organizational structure** Establishing an appropriate organizational structure involves defining an appropriate number of hierarchical levels and defining the basic powers and responsibilities for each of these levels. The Board of Directors assesses the appropriateness of the organizational structure of the company, taking into consideration the size and nature of the activities performed.
- **Assignment of powers and responsibilities.** When assigning powers and responsibilities of the employees in the companies, the management shall take into account the applicable business practices, knowledge and experience of employees and available resources available in the Company.
- **Policies and practices related to human resource.** When recruiting staff, the Executive members of Board of Directors focus on qualifications, previous professional experience, past accomplishments, and evidence of integrity and ethical conduct. The purpose of corporate management is to hire competent and reliable employees.

Risk assessment process for the Company

The process of risk assessment is the basis on which the Board of Directors of the Company determines the risks to be managed.

The Board of Directors of the Company identifies the following types of risk that affect the Company and its activities: general (systematic) and specific (non-systematic) risks.

Systematic risks are related to the macro environment in which the Company operates, which is why in most cases they cannot be controlled by the management team.

Non-systematic risks are directly related to the activities of the Company and depend mainly on corporate governance. To minimize them, we rely on increasing the efficiency of internal company planning and forecasting, which provides opportunities to overcome possible negative consequences of a risky event.

Each of the risks related to the country - political, economic, credit, inflation, foreign exchange, has its own significance, but the interaction between them forms a comprehensive picture of the main economic indicators, market and competitive conditions in the country in which each company operates.

A detailed description of the risks typical for the activity of ALLTERCO JSCo is presented in the section MAIN RISKS, WHICH THE COMPANY FACES in this activity report.

16. Information about the changes in the Board of Directors of the Company in 2020

During the reporting period, no changes were made to the Board of Directors of the Company and with a decision of the General Meeting of Shareholders dated 21.09.2020 the mandate of the Board of Directors with the same members was extended with a new 5-year term.

As of the end of the reporting period, the members of the Board of Directors are:

- Dimitar Stoyanov Dimitrov
- Svetlin Iliev Todorov
- Nikolay Angelov Martinov



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

As of the end of the reporting period, there has been a change in the composition of the Board of Directors, with the resolution of the General Meeting of Shareholders of 08.04.2022 changing the number of the Board members from three to five, where Mr. Wolfgang Kirsch and Mr. Gregor Bieler join to the current members.

Pursuant to the resolution of the General Meeting of Shareholders at its first meeting held on 08.04.2022, the Board of Directors elects from among its members the following executive members, Chairman and Deputy-Chairman:

- Gregor Bieler - Chairman;
- Nikolay Martinov - Deputy Chairman;
- Dimitar Dimitrov - Executive Director and Representative;
- Wolfgang Kirsch - Executive Director and Representative;
- Svetlin Todorov - Member of the Board of Directors and Representative;

17. Information on the amount of remuneration, rewards and/or additional benefits of each member of the Board of Directors for the financial year paid by the Company and its subsidiaries, regardless of whether they were included in the Company's expenses or are attributable to distribution of profits, including:

A) received amounts and non-monetary remunerations

During the reporting period, the members of the Board of Directors received remuneration in the total amount of BGN 130 in accordance with the effective Remuneration Policy.

- Dimitar Stoyanov Dimitrov - BGN 48 thousand
- Svetlin Iliev Todorov - BGN 48 thousand
- Nikolay Angelov Martinov - BGN 34 thousand

During the reporting period the following members of the Board of Directors received remuneration from subsidiaries:

- Dimitar Stoyanov Dimitrov - BGN 488 thousand
- Svetlin Iliev Todorov - BGN 353 thousand

The members of the Board of Directors did not receive any non-cash benefits during the reporting period.

B) contingent or deferred wages arising during the year, even if the remuneration is due at a later date;

As of the end of the reporting period, Allterco JSCo has no conditional or deferred remunerations incurred during the year, including remuneration that is due at a later date.

C) an amount owed by the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.

As of the end of the reporting period, the Company does not report amounts due for payment of pensions, retirement benefits or other similar benefits.

18. Information about shares owned by members of the Board of Directors, procurators and senior management, including the shares held by each of them as a percentage of the shares of each class, as well as options provided by the Company on securities - the type and size of the securities on which the options are issued, the exercise price, the purchase price, if any, and the term of the options.

As of the end of the reporting period, the shares held by members of the Board of Directors of ALLTERCO JSCo are:



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

Table No 16

Name	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	32,48 %
Dimitar Dimitrov	32,48 %
Nikolay Angelov Martinov*	0 %

* * Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD, in which he is the sole owner of the capital and manager, Impetus Capital OOD and Impetus Partners OOD, in which he is a partner respectively with 50% and 43,75 % of the capital and manager, as well as Imventure I KDA and Imvencher II KDA, in which he is a representative of the legal entity - "IMPETUS CAPITAL" OOD, have respectively: "Unicom Consult" EOOD – 84,750 shares (0.47%), Impetus Capital OOD 27,000. shares and 162,000 voting rights (0.9%), Impetus Partners OOD 405,000 shares (2.25%) ImVenture I KDA 123,288 shares (0.68%), Imventure II KDA - 68,493. shares (0.38%) in the capital of Allterco JSCo and a total 708,531 number of shares and 843,531 voting rights (4.686%) of the voting rights in its General Meeting.

19. Information for the commitments known to the Company (including after the end of the financial year), which in the future may result in changes in the relative portion of shares or bonds held by present shareholders or bondholders.

The company is not aware of any commitments that may in the future result in a change in the number of shares or bonds held by current shareholders.

In October 2020, the majority shareholders and members of the Board of Directors - Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov concluded an Agreement for blocking the currently owned by them a total of 11 552 240 shares of the company's capital for a period of 3 years, as of the date of entry of the capital increase in the Commercial Register. According to the terms of the agreement, the 6-months lock-up period expired as at the end of the reporting period and the majority shareholders are currently entitled to trade up to 7% of their shareholdings. Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov have agreed between themselves and in favor of the public listed company. The agreement is still in force during the reporting period.

20. Information on pending litigation, administrative or arbitration proceedings concerning payables or receivables of the Company amounting to at least 10 percent of its equity.

In connection with the sale in 2019 of five subsidiaries to Link Mobility Group AS, the buyer did not fulfil its obligation to pay the remaining 20% of the price (BGN 3 053 thousand), which was due in August 2021 and as at the end of the reporting period was not paid. Allterco JSCo has decided to undertake the necessary measures for collection of the due amount in accordance with the procedure agreed under the Share Purchase Agreement and namely – **by filing a law suit before the Vienna International Arbitral Center**

21. Information on the Investor Relations Director, including telephone and correspondence address

For Bulgaria

Denitsa Stefanova

Tel: +359 2 9571247 e-mail: investors@allterco.com

For Germany

CROSS ALLIANCE communication GmbH, Sven Pauly



ALLTERCO JSCo

Unified Identification Code (UIC): 201047670

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES FOR 2021

Tel: +49 89 125 09 0331, E-Mail: sp@crossalliance.dewww.crossalliance.de

22. Non-financial declaration under Article 41 of the Accounting Act - for financial statements on an individual basis, respectively under Article 51 of the Accounting Act - for financial statements on a consolidated basis, where applicable.

The Company has no obligation for non-financial reporting.

23. Other information at the discretion of the Company

Other circumstances which the Company considers may be relevant to the investors in deciding whether to buy, sell or continue to hold shares are disclosed publicly, including in the Company's Report on Business Activities and the Notes to the financial statements.

XVI. CHANGES IN THE PRICE OF THE COMPANY'S SHARES

Table 17

Date	Volume	Turnover	Highest value	Lowest value	Opening value	Closing value
30.12.2021	184925	4 277 266,800	25,400	19,700	24,800	24,800
30.11.2021	227350	5 662 099,900	28,800	19,700	19,700	25,200
29.10.2021	130242	2 481 955,300	20,600	17,200	20,600	19,700
30.09.2021	96202	1 786 979,700	20,800	17,100	17,400	20,600
31.08.2021	51497	900 197,700	17,900	16,900	17,700	17,400
30.07.2021	32713	578 825,400	18,400	16,600	17,100	17,700
30.06.2021	87283	1 476 797,500	17,900	15,800	15,900	17,100
31.05.2021	68960	1 026 272,200	16,000	13,700	14,400	15,900
29.04.2021	177039	2 312 406,600	14,900	11,000	11,100	14,400
31.03.2021	150097	1 477 504,850	11,100	9,000	9,200	10,900
26.02.2021	131599	1 190 116,700	9,450	8,750	8,850	9,200
29.01.2021	1040688	7 017 515,900	9,250	6,500	6,850	8,700

Source: Investor.bg

Information on the trading in the shares of Allterco JSCo during the reporting period on the Frankfurt Stock Exchange is available at <https://www.boerse-frankfurt.de/equity/allterco-jsco/price-history/historical-prices-and-volumes>

Date: 29.04.2022

Executive Director:

Dimitar
Stoyanov
Dimitrov

/Dimitar Dimitrov/

Digitally signed by
Dimitar Stoyanov
Dimitrov
Date: 2022.04.29
16:59:33 +0300



CORPORATE GOVERNANCE DECLARATION

CORPORATE GOVERNANCE DECLARATION

OF ALLTERCO JSCo

IN ACCORDANCE WITH THE PROVISIONS OF

ART. 100N, PARA. 8 OF THE PUBLIC OFFERING OF SECURITIES ACT

1. Information whether ALLTERCO JSCo complies, where appropriate, with the Corporate Governance Code, approved by the Deputy Chairman, or another corporate governance code

ALLTERCO JSCo and its management comply, where appropriate, with the National Corporate Governance Code. Some of the recommendations of the National Code are not yet fully implemented by the corporate management of the company, but the Board of Directors is committed to continue to bring the activities of ALLTERCO JSCo in line with them in 2022.

ALLTERCO JSCo is part of a group of companies within the meaning of §1, item 2 of the Additional Provisions of the Accounting Act and is a parent company that directly holds more than 50% of the votes in the general meeting of several subsidiary companies.

The subsidiaries of ALLTERCO JSCo are not public listed companies and in their activity, they do not apply the principles and provisions of the National Corporate Governance Code, with the exception of the provisions concerning the internal control and risk management systems, which are applied at Group level. Many of the provisions of the Code are inapplicable due to the legal and organizational form of these companies and the specifics of the sole proprietorship.

2. Information on the corporate governance practices applied by ALLTERCO JSCo in addition to the National Corporate Governance Code

ALLTERCO JSCo does not apply other corporate governance practices in addition to the National Corporate Governance Code.

3. Explanation by ALLTERCO JSCo which parts of the National Corporate Governance Code are not observed and what are the reasons for this are

In 2021, the activity of the Board of Directors of ALLTERCO JSCo was carried out in full compliance with the regulatory requirements set out in the Public Offering of Securities Act and the acts on its implementation in the Statutes of the Company. The corporate management of ALLTERCO JSCo considers that there are still parts of the National Corporate Governance Code that the Company does not comply with, but in 2021 the management will continue to perform all necessary legal and factual actions to bring the activity in line with the principles and recommendations of the Code, as well as best practices in the field of corporate governance.

The Code is applied on the basis of the "**observe or explain**" principle. This means that the Company complies with



CORPORATE GOVERNANCE DECLARATION

the Code, and in case of deviation, its management should clarify the reasons for this.

I. Chapter One – Corporate management

ALLTERCO JSCo is a Company with a one-tier management system and is managed by a Board of Directors.

Functions and obligations

The Board of Directors directs and controls independently and responsibly the activity of the Company in accordance with the established vision, goals, strategies of the Company and the interests of the shareholders.

The Board of Directors monitors the results of the Company's activities on a quarterly and annual basis and, if necessary, initiates change in the management of the activity.

The Board of Directors treats all shareholders equally, acts in their interest and with the care of a good merchant.

The members of the Board of Directors are guided in their activities by the generally accepted principles of integrity and managerial and professional competence. The Board of Directors has not adopted a Code of Ethics.

The Board of Directors has built and ensured the functioning of a risk management system, including for internal control and internal audit.

The Board of Directors has ensured and controls the integrated operation of the accounting and financial reporting systems.

The Board of Directors provides guidelines, approves and controls the implementation of the company's business plan, substantial transactions, as well as other activities established in its bylaws.

In accordance with the requirements of the Public Offering of Securities Act, the Board of Directors monitors all substantial transactions and approves them. If there are transactions, which individually or collectively exceed those specified in Art. 114, para. 1 of the Public Offering of Securities Act thresholds, the Board of Directors prepares a motivated report and adopts a decision to convene a General Meeting of Shareholders, at which it is authorized by the shareholders to carry out these transactions.

The Board of Directors reports on its activities to the General Meeting of Shareholders, submitting the annual activity report and the report on the implementation of the remuneration policy for approval by the shareholders.

Election and dismissal of members of the Board of Directors

The General Meeting of Shareholders elects and dismisses the members of the Board of Directors in accordance with the law and the Statutes of the Company, as well as in accordance with the principles of continuity and sustainability of the work of the Board of Directors.

In case of proposals for election of new members of the Board of Directors, the principles of compliance of the



CORPORATE GOVERNANCE DECLARATION

candidates' competence with the nature of the National Corporate Governance Code in the activity of the Company are observed.

All members of the Board of Directors meet the legal requirements for holding office. The functions and obligations of the corporate management, as well as its structure and competence are in accordance with the requirements of the Code.

The contracts for assignment of the management, concluded with the members of the Board of Directors, define their obligations and tasks, the criteria for the amount of their remuneration, their obligations for loyalty to the company and the grounds for dismissal.

During the reporting financial year, ALLTERCO JSCo implemented the Remuneration Policy of the members of the Board of Directors, adopted in 2021 by of ALLTERCO JSCo.

The remuneration of the members of the Board of Directors and information on their amount is duly disclosed in the activity report of the Board of Directors as of 31.12.2021, as well as in the Report on the application of the Remuneration Policy of the members of the Board of Directors, which are an integral part of the annual financial report of the Company.

Structure and competence

The number of members and the structure of the Board of Directors are determined in the Statutes of the Company.

The composition of the Board of Directors is structured in a way that guarantees the professionalism, impartiality and independence of its decisions in relation to the company management. The functions and obligations of the corporate management, as well as its structure and competence are in accordance with the requirements of the Code.

The Board of Directors shall ensure the proper distribution of tasks and responsibilities between its members.

The independent members of the Board of Directors of ALLTERCO JSCo control the actions of the executive management and participate effectively in the work of the company in accordance with the interests and rights of the shareholders.

The Chairperson of the Board of Directors is not an independent director. Given the existing capital structure of the Company, the members of the Board of Directors consider it appropriate that the Chairperson of this body should not be an independent director.

The competencies, rights and obligations of the members of the Board of Directors follow the requirements of the law, the by-laws and the standards of good professional and managerial practice.

The members of the Board of Directors have the appropriate knowledge and experience required by the position they hold. Information about the professional qualification and experience is disclosed during the election of the members of the Board of Directors with the materials for the General meeting of the shareholders.

After the election of new members of the Board of Directors, they get acquainted with the main legal and financial



CORPORATE GOVERNANCE DECLARATION

issues related to the Company's activities.

Improving the qualification of the members of the Board of Directors is their constant commitment.

The members of the Board of Directors have the necessary time to perform their tasks and duties, even though the statutes of the Company do not determine the number of companies in which the members of the Board of Directors may hold managerial positions. This circumstance is taken into account in the proposals and election of new members of the Board of Directors.

The election of the members of the Board of Directors of the Company is performed by means of a transparent procedure, which provides, among other things, timely and sufficient information about the personal and professional qualities of the candidates for members. As part of the materials for the General Meeting, at which the election of a new member of the Board of Directors is proposed, all declarations required by the POSA and the Commercial Law, a criminal record certificate and a professional biography of the candidate for elected position are to be submitted. When electing members of the Board of Directors, the candidates confirm with a declaration or in person to the shareholders the accuracy of the submitted data and information. The election procedure is conducted by show of hands and counting the votes "For", "Against" and "Abstentions". The voting results are announced through the minutes of the General Meeting of Shareholders. The number of consecutive terms of office of the members of the Board of Directors ensures efficient operation of the Company and compliance with the legal requirements. The statutes of the Company do not provide for a limit on the number of consecutive mandates of the independent members, but this circumstance is observed in the proposal for election of independent members.

Remuneration

The Board of Directors has developed a clear and specific policy for the remuneration of the members of the Board of Directors, which was approved by the Annual General Meeting of Shareholders in 2017, amended in 2021 by the Annual General Meeting of Shareholders of ALLTERCO JSCo and sets the principles for forming the amount and structure of the remuneration.

The remuneration of the Executive Member of the Board of Directors consists of a basic remuneration and additional incentives. The additional incentives are subject to clear and specific criteria and indicators regarding the Company's results and/or the achievement of goals set in advance by the Board of Directors.

Pursuant to the Remuneration Policy adopted by the General Meeting of Shareholders, the Company may pay executive members of the Board of Directors (*members of the Board of Directors representing the Company in its relations with third parties, as recorded in the Commercial Register with the Registry Agency*) variable remuneration in shares in order to directly engage management in the achievement of long-term corporate objectives. Variable remuneration in shares is not provided for non-executive members of the Board of Directors. The share-based remuneration of the Company, the criteria for their grant and their amounts are determined on the basis of a Share-based Remuneration Scheme approved by the General Meeting of Shareholders, as adopted in 2021.



CORPORATE GOVERNANCE DECLARATION

The independent members of the Board of Directors receive remuneration in accordance with the principles for forming the amount and the structure of remuneration set out in the Remuneration Policy adopted by the Annual General Meeting of the Shareholders in 2021.

As mentioned above, the disclosure of information on the remuneration of the members of the Board of Directors is carried out in accordance with the legal norms and bylaws of the Company - by disclosing in the Annual Report on the Business Activities and the Report on the Application of the Remuneration Policy for the members of the Board of Directors. In this way, the shareholders have easy access to the policy observed by the company regarding the permanent and additional remuneration to the members of the Board of Directors.

Conflict of interests

The members of the Board of Directors avoid and do not allow real or potential conflicts of interest. During the reporting period, no transactions have been concluded between the company and members of the Board of Directors or persons related to them.

The members of the Board of Directors immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between the Company and members of the Board of Directors or persons related to them by presenting the declaration under Art. 114b of the POSA.

The Board of Directors has not established a specific procedure for avoiding conflicts of interest in transactions with interested parties and disclosing information in the event of such, but controls the conclusion of significant transactions through voting and approval of such transactions.

II. Chapter Two – Audit and internal control

The Board of Directors is assisted by an Audit Committee.

The Board of Directors and the Audit Committee ensure compliance with the applicable law regarding the independent financial audit. The rotation principle is applied in the proposals and election of an external auditor.

The Audit Committee oversees the internal audit activities and monitors the overall relationship with the external auditor, including the nature of non-audit services provided by the Company's auditor.

The Company has established and operates an internal control system, which includes identifying the risks associated with the Company's activities and supporting their effective management. It also ensures the effective functioning of the accountability and information disclosure systems. A description of the main characteristics of the internal control and risk management systems is presented in item 4 of this corporate governance declaration.

III. Chapter Three – Protection of the shareholders' rights

The Board of Directors ensures equal treatment of all shareholders, including minority and foreign shareholders, protects their rights and facilitates exercising them within the scope permitted by the applicable law and in accordance



CORPORATE GOVERNANCE DECLARATION

with the provisions of the Company's statutes.

In the reporting period, the Company held one regular and one extraordinary General Meeting of Shareholders, complying with all the requirements of Art. 115 et seq. of the POSA, announcing the decision for its convention and publishing the invitation together with the materials thereto in the manner specified by the law. The shareholders were guaranteed the opportunity to add new items to the agenda under Art. 223a of the CA. The Statutes of the Company provide for the invitation to the General Meeting to contain the information required under the Commercial Act and POSA, as well as additional information on exercising the right to vote and the possibility to add new items to the agenda under Art. 223a of the CA.

The corporate management ensures that all shareholders are informed about their rights through the information published on the Company's website, the announced Statutes of the Company and the invitation for each specific General Meeting of Shareholders together with the materials to it.

General Meeting of Shareholders

All shareholders are informed about the rules according to which the General Meetings of Shareholders are convened and held, including the voting procedures through the Statute of the Company and the invitation for each specific general meeting of shareholders.

The Board of Directors provides sufficient and timely information on the date and place of the General Meeting, as well as complete information on the issues to be discussed and resolved at the Meeting.

The invitation and materials for the General Meeting of Shareholders are announced through the selected media agencies and reach the public, the Financial Supervision Commission and the regulated securities market. After presenting the invitation and the materials for the General Meeting of Shareholders, they are also made available on the Company's website.

Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the Company in person or through representatives and voting by correspondence might be allowed for a specific General Meeting of the Shareholders.

As part of the materials for the General Meeting of Shareholders, the Board of Directors provides a sample power of attorney. The Company indicates the Rules for voting by proxy and the Rules for voting by correspondence (when applicable) in the content of the invitation or as a separate document - part of the materials to it.

The Board of Directors has undertaken all necessary actions to bring the Company's activities in line with the recommendations of the Code.

The Statutes of the Company allow exercising the right to vote by electronic means and/or by correspondence by decision and rules determined by the Board of Directors in the invitation to convene a General Meeting.

The Board of Directors exercises effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders and in the ways permitted by law. The



CORPORATE GOVERNANCE DECLARATION

Board of Directors appoints a mandate commission, which registers the shareholders for each specific General Meeting and proposes to the General Meeting to elect a Chairperson, Secretary and Vote Tellers. The management of the General Meeting strictly monitors the lawful conduct of the General Meeting, including the manner of voting of the authorized persons. When differences are noticed in the will of the principal and the vote of the authorized person, this circumstance is entered in the minutes and the will of the principal is taken into account accordingly.

The Board of Directors has not prepared and adopted a specific policy for the organization and holding of ordinary and extraordinary General Meetings of Shareholders, but at the same time monitors compliance with the principles of equal treatment of all shareholders and the right of each shareholder to express their opinion on the items on the agenda of the General Meeting. The Board of Directors prepares Rules for voting by proxy and Rules for voting by correspondence (when applicable) to the materials for convening General Meetings.

The Board of Directors organizes the procedures and order for holding the General Meeting of Shareholders in a way that does not complicate or increase the cost of voting unnecessarily.

The Board of Directors does not encourage the participation of shareholders in the General Meeting of Shareholders and has not provided the opportunity for remote presence through technical means (including the Internet), due to the economic groundlessness of such a method of participation in the General Meeting.

The members of the Board of Directors attend the General Meetings of Shareholders of the company.

Materials for the General Meeting of Shareholders

The texts in the written materials related to the agenda of the General Meeting are specific and clear and do not mislead the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, incl. the profit distribution proposal.

Due to technical reasons, the Company does not yet maintain a special section on its website regarding the rights of shareholders and their participation in the General Meeting of Shareholders, but the Board of Directors has undertaken the necessary measures to do so.

The Board of Directors assists the shareholders entitled under the current legislation to include additional items and to propose resolutions for items already included on the agenda of the General Meeting, by performing all necessary legal and factual actions to announce the additional items added to the agenda of the already convened General Meeting.

The Board of Directors ensures the right of the shareholders to be informed about the decisions taken by the General Meeting of Shareholders by announcing the Minutes of the General Meeting of Shareholders through the selected media agencies.

Equal treatment of shareholders of the same class

According to the Statute of the Company and the internal acts of the Company, all shareholders of the same class are treated equally, and all shares within one class give equal rights to shareholders of the same class.



CORPORATE GOVERNANCE DECLARATION

The Board of Directors ensures that sufficient information is provided to investors regarding the rights granted by all shares of each class prior to their acquisition through the information published on the Company's website, as well as through interviews and personal meetings with the management and/or the Director of Investor Relations.

Consultations between shareholders regarding their basic shareholder rights

The Board of Directors does not prevent shareholders, including institutional ones, from consulting each other on matters relating to their basic shareholder rights in a manner that prevents abuse.

Transactions of shareholders with controlling rights and abusive transactions

The Board of Directors does not allow transactions with shareholders with controlling rights, which violate the rights and/or legitimate interests of other shareholders, including under the conditions of agreement with themselves. Conducting this type of transactions requires an explicit decision of the Board of Directors and the interested parties are excluded from the voting. In case of indications for crossing the statutory thresholds under Art. 114, para. 1 of the POSA, the Board of Directors prepares a motivated report and initiates the convening and holding of a General Meeting of Shareholders, at which the transactions are put to a vote.

IV. Chapter Four – Disclosure of financial and nonfinancial information

The Board of Directors has adopted a policy for disclosure of information in accordance with the legal requirements and the bylaws of the Company. In accordance with the adopted policy, the corporate management has created and maintains a system for disclosure of information.

The disclosure system ensures equality of the addressees of the information (shareholders, stakeholders, investment community) and does not allow misuse of inside information.

The inside information is disclosed in the legally established forms, order and terms through the selected media agencies. The Company uses a single point to disclose information by electronic means, thus the information reaches both the public and the FSC and the regulated securities market in an uncorrected form. Information in uncorrected form and in the same volume is also published on the Company's website. In this way, the company's executive management ensures that the disclosure system provides complete, timely, accurate and understandable information that allows for objective and informed decisions and assessments.

The Executive Management and the Board of Directors promptly disclose the capital structure of the Company and agreements that lead to exercising control in accordance with its disclosure rules. The disclosure is made through the provisions of the Public Offering of Securities Act and the acts for its implementation, as well as the applicable European regulation.

The Board of Directors ensures, by exercising control over the implementation of the disclosure policy, that the rules and procedures according to which the acquisition of corporate control and extraordinary transactions such as mergers and sale of significant parts of assets carried out are clearly and timely disclosed.



CORPORATE GOVERNANCE DECLARATION

The Board of Directors approves and together with the independent auditor controls internal rules for the preparation of the annual and interim reports and the procedure for disclosure of information.

The Company maintains a website - www.allterco.com with approved content, scope and frequency of the information disclosed through it. For technical reasons, the content of the Company's website does not fully cover the recommendations of the National Corporate Governance Code, but the Board of Directors has undertaken appropriate measures.

The Company also maintains an English language version of the corporate website with similar content.

The Company periodically discloses information about the corporate governance.

The Board of Directors of the Company believes that its activities in the reporting period created prerequisites for sufficient transparency in its relations with investors, financial media and capital market analysts.

In the reporting period, the Company disclosed all regulated information within the deadlines and in accordance with the procedure provided for in the Public Offering of Securities Act and the acts on its implementation.

V. Chapter Five – Stakeholders. Sustainable development.

The corporate governance ensures effective interaction with the stakeholders. This category includes certain groups of persons who are directly affected by the company and who in turn can influence its activities.

The Company identifies as stakeholders in relation to its activities the following groups of persons: employees, creditors, suppliers and other contractors related to the implementation of the Company's activities.

The corporate management shall ensure that all stakeholders are sufficiently informed of their statutory rights. At the end of the reporting period, Corporate Management had not developed specific policies to address stakeholder interests but is committed to taking appropriate action to comply with this requirement in 2022.

In its policy regarding the stakeholders, Company complies with the legal requirements based on the principles of transparency, accountability and business ethics.

The corporate management is committed to establishing specific actions and policies regarding the sustainability of the company, including the disclosure of information related to climate and social aspects of their operations.

The corporate management maintains effective relations with stakeholders and is prepared to inform the company, when necessary, in accordance with legal standards and good international practice for disclosure of non-financial information, about economic, social and environmental issues of concern to stakeholders, such as: anti-corruption; dealing with employees, suppliers and customers; the company's social responsibility; environmental protection and human rights violations.

The corporate management ensures the right to timely and regular access to relevant, sufficient and reliable information about the company when stakeholders are involved in the corporate governance process



CORPORATE GOVERNANCE DECLARATION

4. Description of the main characteristics of the systems for internal control and risk management of ALLTERCO JSCo in connection with the financial reporting process

When describing the main characteristics of the internal control and risk management systems, it should be borne in mind that neither the POSA nor the National Corporate Governance Code define an internal control framework for public companies in Bulgaria to follow. Therefore, for the purposes of fulfilling the obligations of the Company under Art. 100n, para. 8, item 4 of POSA, the description of the main characteristics of the systems uses the framework of International Auditing Standard 315.

General description of the internal control and risk management system

The company employs a system for internal control and risk management ("the system"), which ensures the effective functioning of the reporting and disclosure systems, as well as an Audit Committee. The system is also built and operates in order to identify the risks associated with the Company's activities and support their effective management. The Board of Directors bears the main responsibility and has a role in establishing the system of internal control and risk management. It performs both a management and guidance function as well as ongoing monitoring.

The ongoing monitoring by the corporate management consists of assessing whether the system is still appropriate in a changed environment, whether it is operating as expected and whether it is periodically adapting to changed conditions. The evaluation of selected areas, performed in this context as the responsibility of senior management, is in line with the Company's priorities.

The Board of Directors monitors the main characteristics and features of the system, including the identified major incidents and the corrective actions undertaken or implemented, respectively.

Control environment

The control environment includes the functions of general management, as well as the attitude, awareness and actions of the corporate management.

- **Commitment for competence.** The Board of Directors of the company, as well as those involved in the internal control and risk management process, have the relevant knowledge and skills necessary to perform the tasks. The executive members of the Board of Directors of the Company monitor the levels of competence required for the specific position and the ways in which those competences become necessary requisites for skills and knowledge.
- **Participation of persons involved with general management.** The responsibilities of the members of the Board of Directors are stated in the Statutes of the Company and the management contracts. In addition, the Executive Members of the Board of Directors are responsible for supervising the design of the model and the effective functioning of the warning procedures and processes of reviewing the effectiveness of the Company's internal control.
- **Philosophy and operational style of the management.** The philosophy and operational style of the management cover a wide range of characteristics. The attitudes of the members of the Board of Directors



CORPORATE GOVERNANCE DECLARATION

and their actions in relation to financial reporting are manifested through the choice of more conservative accounting principles.

- **Organizational structure** Establishing an appropriate organizational structure involves defining an appropriate number of hierarchical levels and defining the basic powers and responsibilities for each of these levels. The Board of Directors assesses the appropriateness of the organizational structure of the Company, taking into consideration the size and nature of the activities performed.
- **Assignment of powers and responsibilities.** When assigning powers and responsibilities to the employees in the Company, the management shall take into account the applicable business practices, knowledge and experience of employees and available resources available in the Company.
- **Policies and practices related to human resources.** When recruiting staff, the Executive members of Board of Directors focus on qualifications, previous professional experience, past accomplishments, and evidence of integrity and ethical conduct. The commitment of corporate management is to hire competent and reliable employees.

Risk assessment process in the Company

The process of risk assessment by the corporate management is the basis on which the Board of Directors of the Company determines the risks to be managed.

The Board of Directors of the Company identifies the following types of risk that affect the Company and its activities: general (systematic) and specific (non-systematic) risks.

Systematic risks are related to the macro environment in which the Company operates, which is why in most cases they cannot be controlled by the management team.

Non-systematic risks are directly related to the activities of the Company and depend mainly on corporate governance. To minimize them, we rely on increasing the efficiency of internal company planning and forecasting, which provides opportunities to overcome possible negative consequences of a risky event.

Each of the risks related to the country - political, economic, credit, inflation, foreign exchange, has its individual significance, but the interaction between them forms a comprehensive picture of the main economic indicators, market and competitive conditions in the country in which each company operates.

A detailed description of the risks typical for the activity of ALLTERCO JSCo is presented in the section MAIN RISKS, WHICH THE COMPANY FACES in this activity report.

Information system and related business processes essential for financial reporting and communication

The information system, essential for the purposes of financial reporting, which includes the accounting system, consists of procedures and documentation, developed and established for the purpose of: initiating, recording, processing and reporting transactions and operations of the company and maintaining accountability; solving problems with incorrect processing of transactions and operations and procedures, for timely correction; processing and



CORPORATE GOVERNANCE DECLARATION

reporting of cases of bypassing the systems or overcoming the controls; coverage of information essential for financial reporting operations, such as depreciation of tangible and intangible assets and changes in the collectability of receivables; and ensuring that the financial information required for disclosure is collected, processed, summarized and appropriately reflected in the financial statements.

The Company's communication of the roles and responsibilities in the financial reports and important issues includes the definition of individual roles and responsibilities related to internal control. It includes such matters as the extent to which the accounting team understands how its activities in the financial reporting information system relate to the work of others and the means of reporting exceptions to the corporate governance.

The communication is carried out on the basis of financial reporting rules agreed with the registered auditor. Open communication channels help ensure that exceptions are reported and acted upon.

Ongoing monitoring of controls

The ongoing monitoring of controls is a process for assessing the effectiveness of the internal control results over time. It includes timely assessment of the effectiveness of controls and undertaking the necessary remedial actions. The corporate management performs ongoing monitoring of the controls. Ongoing monitoring activities are often embedded in the Company's day-to-day recurring activities and include regular managerial and supervisory activities.

5. Information under Article 10, paragraph 1, letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids

5.1. Information under Article 10, paragraph 1, letters "c" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC

At the end of the reporting period, the shareholders holding 5 percent or more of the capital and voting rights in the General Meeting of the Company are:

Table 18

SHAREHOLDER	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	32.48%
Dimitar Dimitrov	32.48%
Other individuals and legal entities	35.04%

The Company has no other shareholders who directly or indirectly hold 5 percent or more than 5 percent of the voting rights in the General Meeting.

5.2. Information under Article 10, paragraph 1, letters "d" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the holders of any securities with special control rights and a description of those rights



CORPORATE GOVERNANCE DECLARATION

ALLTERCO JSCo has no shareholders with special control rights.

5.3. Information under Article 10, paragraph 1, letters "f" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

There are no restrictions on the voting rights of the shareholders of ALLTERCO JSCo. To participate in the General Meeting, shareholders must identify themselves with the documents specified in the law, the Statute and the invitation to the General Meeting, certifying their identity and representative power and be registered by a mandate commission in the list of attending shareholders prior to the starting time of the General Meeting.

5.4. Information under Article 10, paragraph 1, letters "h" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the rules governing the appointment and replacement of board members and the amendment of the Articles of Association

Pursuant to the provisions of the Statute of the Company, the General Meeting of Shareholders determines the number, elects and dismisses the members of the Board of Directors and determines the remuneration for their work in it.

According to Art. 25, para. 1 of the Statutes of the Company, the term of office of the Board of Directors is determined by the General Meeting, but it cannot be longer than 5 years.

The General Meeting of Shareholders may at any time decide to make changes in the number and composition of the Board of Directors, and the members of the Board may be re-elected without restriction. The General Meeting of Shareholders may at any time decide to make changes in the number and composition of the Board of Directors, and members of the Board may be re-elected without restriction. A member of the Board of Directors may be any legally capable individual and a legal entity that meets the requirements of the law and has the necessary professional qualifications in connection with the Company's activities.

5.5. Information under Article 10, paragraph 1, letters "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the powers of board members, and in particular the power to issue or buy back shares

The Board of Directors of ALLTERCO JSCo has the following powers:

The Board of Directors discusses and resolves all issues other those that falling within the exclusive competence of the General Meeting of Shareholders, including but not limited to:

- (i) plans and programs for the Company's activities;
- (ii) organizational structure of the Company;
- (iii) participation in tenders and competitions;
- (iv) adopting and modifying the rules of procedure of the Board of Directors;



CORPORATE GOVERNANCE DECLARATION

- (v) election and dismissal of the Executive Members in its staff;
- (vi) acquisition of Company's participation in other companies;
- (vii) opening and closing of branches of the Company in the country and abroad
- (viii) acquisition and alienation of real property and limited real rights owned by the Company;
- (ix) creating a mortgage on the Company's real estate or pledge on fixed tangible assets of the Company;
- (x) granting loans to third parties, providing guarantees, taking out guarantees and providing collaterals for the obligations of third non-related parties, concluding bank loan agreements for an amount (excluding interest and charges) of above 3% (three percent) of the value of the consolidated revenue of the Company, according to the last audited annual financial statement of the Company;
- (xi) the conclusion by the Company of operating or financial leasing contracts for amounts exceeding BGN 250,000 (excluding interest and charges);
- (xii) disposal of intellectual property rights, including acquisition, sale and assignment of licenses for the use of patents, know-how and other intellectual property rights (with the exception of intellectual property rights granted to third parties in connection with the granting of products and services to end users within the scope of the Company's purpose of business);
- (xiii) determining the conditions for the appointment and adoption of programs for material incentives on an annual basis for key management personnel of the Company's subsidiaries, namely, executive directors, procurators and managing directors of the Company's subsidiaries.

to constitute and reconstitute the Advisory Board, to take decisions on all matters concerning the Advisory Board, except those previously determined by this Statute or by a decision of the General Meeting of Shareholders, including but not limited to: to determine the number and personnel of the Advisory Board, to appoint and dismiss its members at its discretion, to determine the term of its existence, the remuneration and the mandate of its members, to adopt, amend, revoke and monitor the implementation of any and all documents concerning the Advisory Board, including the Rules on the functioning of the Advisory Board.

The Board of Directors takes decisions regarding and authorizes the persons who manage and/or represent the Company to conduct transactions with stakeholders within the meaning of Art. 114, para. 2 of POSA, for which no prior authorization by the General Meeting of Shareholders is required.

With Decision of the General Meeting of Shareholders of 15.10.2021, the Board of Directors is authorized Up to five years as of 27.06.2019, the Board of Directors is entitled to take decisions to increase the capital of the company, under any of the methods provided for under para. 1 except for by converting part of the profit into capital, until reaching a total nominal value of BGN 25,000,000 (twenty-five million) by issuing and public offering of up to 10,000,000 (ten million) new dematerialized ordinary registered shares with the right of one vote, with a nominal value of BGN 1 (one) each and an issue value of one share, determined by an express decision of the Board of Directors of the Company. The restrictions set out here above shall apply in general regardless of which of the methods provided for under para. 1 here above has been used for the capital increase.



CORPORATE GOVERNANCE DECLARATION

The company may buy back its own shares without making a trading offer, acquiring in the course of one calendar year no more than 3 per cent of its treasury voting shares, per decision of the General Meeting of Shareholders, for a term not exceeding eighteen months from the date of the decision of the respective body of the Company. The Company may buy back its own shares by decision of the General Meeting of Shareholders for the purposes the implementation of programs for additional material incentives for the employees within its group with the provision of Company's shares and the schemes for granting variable remuneration in shares to the executive members of the Board of Directors, in accordance with the Remuneration policy of the members of the Board of Directors of the Company.

6. Members and functioning of the administrative, management and supervisory bodies of ALLTERCO JSCo and their committee

ALLTERCO JSCo has a one-tier management system. The Company is managed and represented by a Board of Directors, which, as of the date of preparing this declaration has the following members, according to a decision of the General Meeting of Shareholders of 21.09.2020:

- Dimitar Stoyanov Dimitrov;
- Svetlin Iliev Todorov;
- Nikolai Angelov Martinov

The Board of Directors of ALLTERCO JSCo elects a Chairperson and a Deputy Chairperson from its members. The Board of Directors meets at regular meetings at least once in three months to discuss the state and development of the Company. Each member of the Board may request the Chairperson to convene a meeting to discuss specific issues.

By resolution of the General Meeting of Shareholders dated 08.04.2022, amendments to the Company's Articles of Association were adopted, according to which decisions of the Board of Directors shall be taken by a majority of more than half of all members of the Board of Directors. A quorum at meetings of the Board of Directors is present if the number of members present at the meeting is sufficient to make decisions on the items on the agenda. If a quorum is not present on any of the items requiring a qualified majority, the lack of a quorum is noted in the minutes and this item is not considered at the meeting.

The Board of Directors may take decisions in absentia.

Committees

The Company has an Audit Committee elected by the Annual General Meeting of Shareholders composed of Anelia Petkova Angelova - Tumbeva, Kamelia Vassileva Filipova, Albena Benkova Beneva. The Audit Committee performs its functions in accordance with the Statute adopted by the Annual General Meeting of Shareholders and the requirements of the Independent Financial Audit Act.

In compliance with the last amendments in the Statute of Company the Board of Directors has decided to establish an Advisory Board in the Company and has appointed Mr. Gregor Bieler for its chairman. The Advisory Board is a



CORPORATE GOVERNANCE DECLARATION

collective advisory body, which assists the members of the Board of Directors and the senior management of the Company, based on the expertise of each of its members and according to the goals set by the Board of Directors in its constitution, as for this purpose it can (the enumeration is exemplary):

- (i) to prepare and provide strategic guidelines and programs for development of the Company;
- (ii) to monitor the activity and the results of the activity of the Company, to prepare reports and to give proposals for improvement of some aspects of the Company's activity;
- (iii) to provide information on the current developments and trends in the business sector in which the Company operates;
- (iv) to provide information on innovative practices, as well as to recommend and develop programs for introduction of such practices in the activities of the Company;
- (v) to propose improvements regarding the products and / or services offered by the Company, as well as the development of new ones;
- (vi) to propose strategies for improving the Company's position in the current markets in which it operates, to explore opportunities for access to new markets, as well as for the implementation of new market mechanisms;
- (vii) to perform any other activity assigned to it by the Board of Directors, which is in the interest of the development of the Company.

The Advisory Board does not explicitly and cannot be assigned any management, controlling or supervisory functions. The members of the Advisory Board have the right to access information belonging to the Company in the volume determined by the Board of Directors and subject to the requirements for handling such information no less restrictive than the requirements applicable to members of the Board of Directors.

7. Description of the diversity policy applied in relation to the administrative, management and supervisory bodies of ALLTERCO JSCo in connection with aspects such as age, gender or education and professional experience, the objectives of this diversity policy, the manner of its implementation and results in the reporting period; where no such policy is applied, the declaration contains an explanation of the reasons for this.

The company has not developed a special diversity policy with regard to the administrative, management and supervisory bodies of the company in relation to aspects such as age, gender or education and professional experience, as it falls within the exceptions of Art. 100n, para. 12 of the POSA.

However, there are long-established practices that can be classified as a diversity policy with regard to the governing bodies regarding aspects such as age, gender or education and professional experience.

In essence, these practices form the Company's diversity policy of the management bodies in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy.

The adopted practices require the Company to apply a balanced policy for nominating members of the corporate



CORPORATE GOVERNANCE DECLARATION

management who have education and qualifications that correspond to the nature of the company's work, its long-term goals and business plan.

The adopted practices of the Company encourage the pursuit for gender balance at all management levels.

The Company does not discriminate against members of corporate management on the basis of age.

Dimitar Stoyanov
Dimitrov

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Dimitar Dimitrov

Executive Director of ALLTERCO JSCo



DECLARATION
under Article 100n(4) of the Public Offering of Securities Act

We, the undersigned,

DIMITAR STOYANOV DIMITROV, in my capacity as Chief Executive Director of ALLTERCO JSCo, UIC: 201047670, registered office and address of management: Sofia, 103 Cherni Vrah Blvd. ("the Issuer") and

SVETOZAR GOSPODINOV ILIEV, in my capacity as Chief Financial Officer of ALLTERCO JSCo and preparer of the annual financial report for 2021 of this company on a consolidated basis in accordance with Art. 100n(o), para. 4 of the Public Offering of Securities Act (POSA)

Hereby DECLARE that to the best of our knowledge:

1. The consolidated annual financial statements of the company for 2021, prepared in accordance with the applicable accounting standards, present correctly and fairly the information about the issuer's assets and liabilities, financial standing and profit or loss and of the companies included in the consolidation;
2. The Report on the Business Activities contains a truthful review of the development and results from the activity of the Issuer, as well as the condition of the Issuer, together with a description of major risks and uncertainties faced thereby.

Declarers: **Dimitar Stoyanov Dimitrov**
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Dimitar Dimitrov
Chief Executive Director of Allterco JSCo

Svetozar Gospodinov Iliev
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Svetozar Iliev
Chief Financial Officer