

**Explanatory Notes
to the Notification of the Financial Statements
of ALLTERCO JSCo**

**third quarter of 2020
consolidated basis**



Pursuant to Art.100n1, Para 1 and 2 in conjunction with Para 4, Item 2 of the Public Offering of Securities Act and Art. 33a2 and 33a1, item 2 of Ordinance No. 2 dated 17.09.2003 on the prospectuses for public offering and admission to trading on a regulated securities market and on the disclosure of information

These Explanatory Notes to the Notification of the Financial Statements of Allterco JSCo (“the Company”) on a consolidated basis (notification of financial condition) present information about the company, relevant to the third quarter of 2020 for the period 01.01.2020 - 30.09.2020 (the “reporting period”).

1. INFORMATION ABOUT THE GROUP

Allterco JSCo is a public listed joint stock company, established in 2010 in the city of Sofia and entered in the Commercial Register at the Registry Agency on 11.02.2010 under UIC (unified identification code): 201047670 and LEI code (identification code of the legal entity) 8945007IDGKD0KZ4HD95 and is established for an unlimited period. Its name is written in Latin: ALLTERCO JSCo.

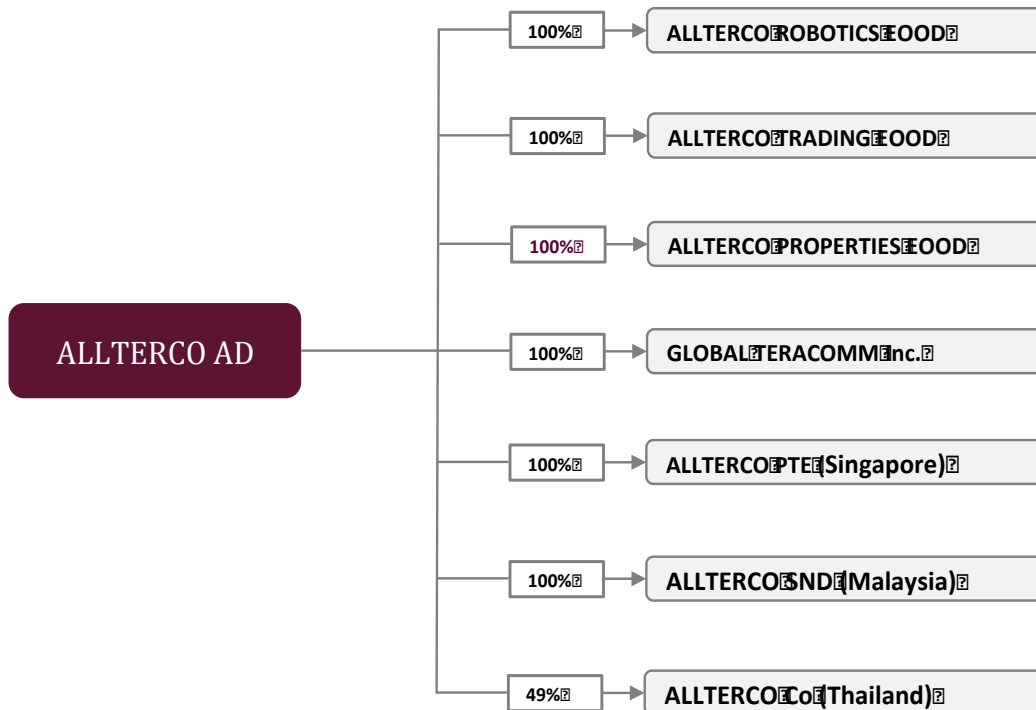
The company has its registered office and address of management: Republic of Bulgaria, Sofia County, Sofia Municipality, Sofia 1407, 103CherniVrah Blvd. The address for correspondence is the same; tel: +359 2 957 12 47. The website of the Company is www.allterco.com.

The Company is public listed within the meaning of the Public Offering of Securities Act and is registered as a public company in the register kept by the FSC with Decision 774 - PD of November 14, 2016 as a result of successfully completed initial public offering of shares from the Company’s capital increase.

The company operates according to Bulgarian legislation.

The Issuer is part of an economic group, which consists of the parent company Allterco JSCo and its subsidiaries:

1.1. Structure of the economic group at the end of the reporting quarter for 2020



During the reporting period there was no change in the economic group of Allterco JSCo.

The scope of business of the Company, according to Art. 4 of the Articles of Association is: Acquisition, management, evaluation and sale of share 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 Allterco JSCo participates; purchase of goods and other items for resale in their original, manufactured or processed form; sale of goods of own production; foreign trade transactions; commission, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and intermediation of local and foreign individuals and legal entities; consulting and marketing transactions; providing management and administration services to local and foreign legal entities; as well as any other commercial transactions not prohibited by law.

As a result of strategic deals, corporate changes and decisions in 2019, the core business of the Issuer's Group remains the development, production and sale of IoT devices.

Since 2015, the Group has grown organically in the IoT sector through the development and implementation of two main product categories - tracking devices under the brand MyKi and home automation systems under the brand Shelly.

1.2. Management

During the reporting period no changes were made in the composition of the Board of Directors of the company.

As of 30.09.2020 the Board of Directors is as follows:

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

By virtue of decision of the General Meeting of Shareholders dated 21.09.2020, the mandate of the Board of Directors in the said composition was extended for a new 5-year term. The decision is subject to entry in the Companies Register and the Register of Non-profit Legal Entities at the Registry Agency.

1.3. Capital structure

The issued, subscribed, paid-in and registered capital of the Company amounts to BGN 15,000,000 (fifteen million), is divided into 15,000,000 (fifteen million) dematerialised ordinary registered voting shares, with a par value of 1 (one) BGN each share.

The capital is fully paid in four contributions:

- Non-monetary contribution representing 100% of the shares of Teravoice EAD, with an appraised monetary value of BGN 50,000 (fifty thousand);
- Non-monetary contribution representing 69.60% of the shares of Terra Communications JSCo, with an appraised monetary value of BGN 5,438,000 (five million four hundred and thirty-eight);
- A combination of non-monetary and cash contributions amounting to BGN 8,012,000 (eight million and twelve thousand).
- Cash contributions of a total value of BGN 1,500,000 (one million and five hundred thousand) compared to 1,500,000 (one million and five hundred thousand) subscribed and paid. dematerialised ordinary registered voting shares with a par value of BGN 1 as a result of a procedure for Initial Public Offering of a new issue of shares.

As of September 30, 2020 the capital structure of ALLTERCO JSCo is as follows:

NAME OF SHAREHOLDER	CAPITAL PERCENTAGE
SvetlinTodorov	38.51 %
Dimitar Dimitrov	38.51 %
Viktor Atanasov	7,47 %
Other consolidateds and legal entities	15,51 %

On 28.09.2020, pursuant to Art. 89t of the Public Offering of Securities Act, the Company has published an official notification for public offering of 3,000,000 new registered voting shares with a nominal value of BGN 1 and an issue value of BGN 3 per share to increase the capital of Allterco JSCo, on the basis of a Prospectus, together with the amendments thereto, confirmed by the Financial Supervision Commission by virtue of Decision No. 148-E dated 18.02.2020, Decision No. 405-E dated 11.06.2020 and Decision No. 601-E dated 13.08.2020 and Decision No. 791-E dated 29.10.2020.

On 28 September 2020 the Company has published a Notice for Public Offering according to Art. 89t POSA, which indicated the start of the offering. The public offering of the shares from the capital increase of Allterco JSCo was conducted within the period – 28.09.2020 – 30.10.2020 and has finished successfully after the end date of the reporting period.

On the date of preparation of this Notes the capital increase is registered with the Commercial Register by the Register Agency and the following change in the participation in the capital has occurred:

NAME OF SHAREHOLDER	CAPITAL PERCENTAGE
SvetlinTodorov	32,48 %
Dimitar Dimitrov	32,48 %
Viktor Atanasov	6,23 %
Other consolidateds and legal entities	28,81 %

By Decision of the Board of Directors of the Bulgarian Stock Exchange AD, pursuant to Protocol No. 67/24.11.2020, the shares from the new issues of shares are admitted to trading on a regulated market with initial date of trading 26.11.2020.

1.4. Development and research activities

The company has not carried out activities in the area of research and development and does not plan such in the near future. One of the subsidiaries of Allterco JSCo has carried out such activity during the reporting period, namely: Allterco Robotics Ltd.

2. IMPORTANT EVENTS FOR ALLTERCO JSCo

Detailed information about the important events that occurred during the reporting period for ALLTERCO JSCo, as well as other information that could be important for investors is regularly disclosed by the company in accordance with regulatory requirements. In accordance with the requirement of Art.43a et seq. of Ordinance No. 2 of FSC, in conjunction with Art. 100t, Para 3 of the POSA, the Company discloses the regulated information to the public through selected information media. All information provided to the media in full unedited text is available at: <http://www.x3news.com/>. The required information is submitted to the FSC - through the unified system for submission of information electronically, developed and maintained by the FSC - e-Register. The information is also available on the Company's website at: <https://allterco.com/en/INVESTORS>.

The announced important events that occurred during the reporting period did not have a significant impact on the financial results of the company on an consolidated basis.

3. DEVELOPMENT OF THE ACTIVITY DURING THE REPORTING PERIOD AND FINANCIAL POSITION

3.1. Operating income

At the end of the reporting period ALLTERCO JSCo reported on an consolidated basis a profit at the amount of BGN 5 334 thousand compared to a profit of BGN 6 315 thousand for the same reporting period of the previous year. The profit for the previous year is mainly due to the sale of 5 subsidiaries.

At the same time, consolidated net sales revenues for the nine months of 2020 have increased by 31.57 % compared to the same period of the previous year. The revenues from services have decreased by 42,85 % compared to the same period of the previous year. The revenues from sale of goods have increased by 73,01% for the same period. Further, the company reports revenue from sale of goods in the amount of BGN 639 thousand during the nine months period of 2020 whereas no such income is reported in 2019.

For comparison, during the third quarter of 2019 the Company reports gains from operations with financial assets in the amount of BGN 8 966 thousand, that was related to the sale of 5 subsidiary companies.

REVENUE	9 months 2019	%	9 month 2020
A. Operating revenue			
I. Revenue from sale of:			
1. Production	0	0%	639
2. Goods	13782	73.01%	23844
3. Services	8541	-42.85%	4881
4. Other	52	44.23%	75
Total for Group I	22,375	31.57%	29,439
II. Income from Financing including government financing	0	0%	0
Total for Group II	0	0%	0
III. Financial income			
1. Interest income	0		1
2. Dividend income	0	0%	0
3. Gains from operations with financial instruments	8966	-100.00%	0
4. Gains from foreign exchange rate differences	71	74.65%	124
5. Other	0	0%	0
Total for Group III:	9,037	-98.62%	125
B. Total Operating Income	31,412	-5.88%	29,564

3.2. Operating expenses

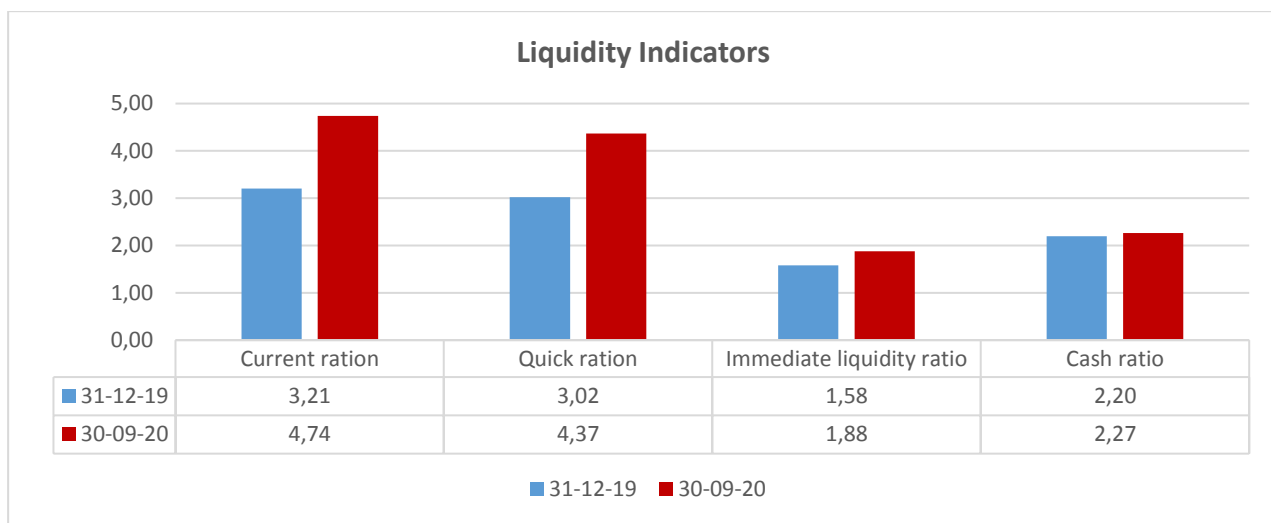
At the end of the reporting period the consolidated operating expenses of ALLTERCO JSCo decreased by 3.35 % compared to the same reporting period of the previous year. By the end of the reporting period In 2020, the Company does not report impairment of investments. The expenses for external services have decreased by 14 % , whereas the book value of the sold goods has increased by 68 % and the employment costs have increased by 53%.

The book value of sold goods has the largest share in the reported consolidated operating expenses - 41.9%, followed by external services - 31.4% and the expenses for remunerations and social security - 18.1%.

EXPENSES	9 months 2019	%	9 month 2020
A. Operating expenses			
I. Expenses by economic elements			
1. Materials	216	227%	707
2. External services	8,338	-14%	7,209
3. Depreciation and amortization	758	9%	828
4. Remuneration	2,445	53%	3,745
5. Social security	255	64%	417
6. Cost of goods sold (excluding production)	5,727	68%	9,638
7. Change in production and work-in- process inventories	0	0%	0
8. Other, including:	6,041	-93%	440
impairment of assets	5,523	0%	4
provisions	0		0
Total for Group I:	23,780	-3.35%	22,984

3.3. Financial indicators

Liquidity ratios on consolidated base



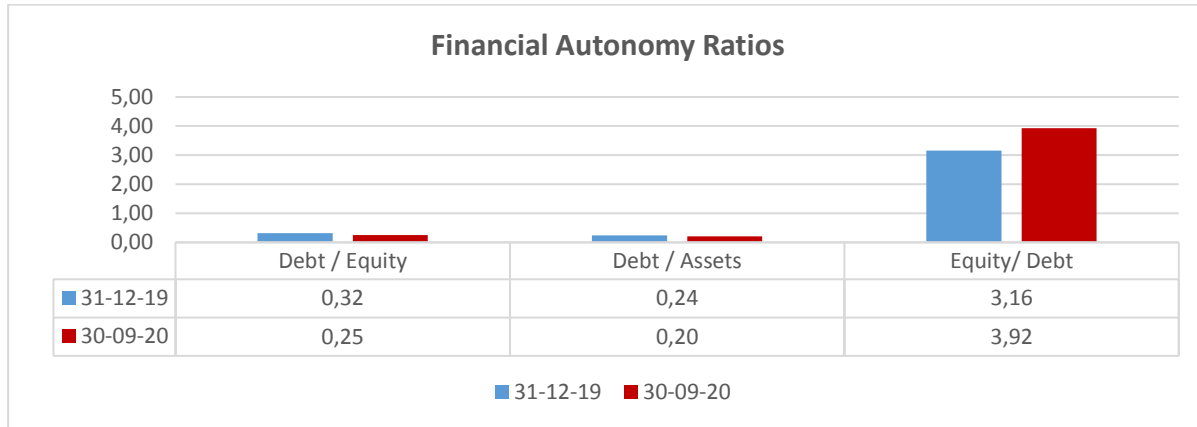
The total liquidity ratio at the end of the reporting period increased due to the following: the short-term assets increased by 28,66 % compared to the end of 2019, while the short-term liabilities decreased by 12,93%.

The quick liquidity ratio at the end of the reporting period increased due to the following: the short-term liabilities decreased by 12,93% compared to the end of 2019, while the inventories increased by 73.23%.

The absolute liquidity ratio at the end of the reporting period increased due to the following: the Short-term liabilities decreased by 12,93% compared to the end of 2019, while cash increased by 3,83%.

The immediate liquidity ratio at the end of the reporting period increased due to the following: The cash increased by 3,83%, while the short-term financial assets decreased by 45.31 %.

Financial autonomy ratios



The change in the debt/equity ratio at the end of the reporting period is due to the following: the Company's liabilities decreased by 5.00% compared to the end of 2019, while equity increased by 17,83%.

The change in the debt/assets ratio at the end of the reporting period is due to the following: the Company's assets increased by 11.90% compared to the end of 2019, while the Company's liabilities decreased by 5.00%.

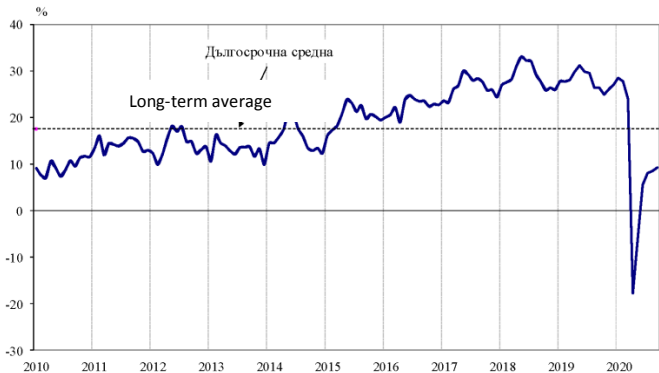
The change in the equity /debt ratio at the end of the reporting period is due to the following: the liabilities of the Company have decreased by 5.00% compared to the end of 2019, while the equity increased by 17.83%.

4. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

The risks associated with the core business of the Company can generally be divided into systemic (general) and non-systemic (related specifically to its business and the industry in which it operates). Relevant for the Company are also the similar categories of risks inherent in the company business and the industry in which its subsidiaries operate, insofar as they are the main source of the Company’s income. Separately, investors in the Company’s financial instruments are also exposed to risks related to the investments in securities themselves (derivative and underlying)

4.1. SYSTEMIC RISKS

Systemic 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. Systemic risks are: political risk, macroeconomic risk, inflation risk, currency 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.</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 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>
GENERAL MACROECONOMIC RISK	<p>According to the National Statistical Institute, in September 2020 the <i>total business climate indicator</i> increased by 0.8 percentage points compared to August as a result of the improved opinions of business managers in retail sector.</p> <p>.</p> <div style="text-align: center;"> <p>Business climate - total</p>  <p>Source: NSI¹</p> </div> <p>At its meeting on September 10, 2020, the Board of Directors of the European Central Bank (ECB) reported that incoming data and observational results showed a continuous</p>

¹https://www.nsi.bg/sites/default/files/files/pressreleases/Economy2020-09_OKD068S.pdf

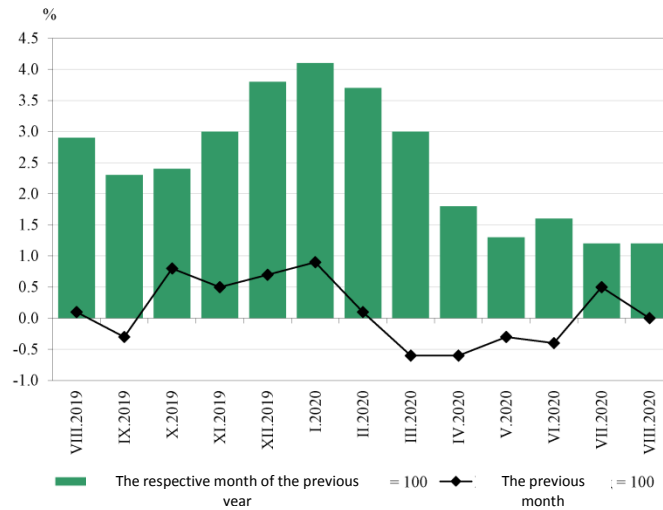
	<p>economic recovery in the euro area and a rise in GDP in the third quarter, although remaining below pre-crisis levels. Along with the significant recovery in industrial production and services, there are signs of a sharp recovery in consumption.</p> <p>According to the macroeconomic forecasts of the ECB experts, the annual GDP growth rate is expected to be 8.0% in 2020, 5.0% in 2021 and 3.2% in 2022. Compared to the macroeconomic forecasts of experts of the Eurosystem since June 2020, real GDP growth has been revised upwards for 2020 and, as a whole, remains unchanged for 2021 and 2022. However, experts note that the coronavirus pandemic remains a major source of uncertainty for the world economy. ²</p>																														
<p>INTEREST RATE RISK</p>	<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 on September 10, 2020, the Board of Directors of the ECB, on the basis of an assessment of the prospects for economic development and inflation in the euro area and taking into account the latest macroeconomic forecasts of Eurosystem experts, decided to leave unchanged the ECB's key interest rates. The forecasts are that they will remain at current or lower levels until the prospect of inflation is steadily approaching a level close to but below 2% over the forecast horizon, and this convergence is reflected respectively in the core inflation dynamics.</p> <table border="1" data-bbox="724 869 1159 1241"> <thead> <tr> <th>Year</th> <th>Month</th> <th>TIR</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>I</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>II</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>III</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>IV</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>V</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>VI</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>VII</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>VIII</td> <td>0.00</td> </tr> <tr> <td>2020</td> <td>IX</td> <td>0.00</td> </tr> </tbody> </table> <p style="text-align: center;">*Source:BNB</p>	Year	Month	TIR	2020	I	0.00	2020	II	0.00	2020	III	0.00	2020	IV	0.00	2020	V	0.00	2020	VI	0.00	2020	VII	0.00	2020	VIII	0.00	2020	IX	0.00
Year	Month	TIR																													
2020	I	0.00																													
2020	II	0.00																													
2020	III	0.00																													
2020	IV	0.00																													
2020	V	0.00																													
2020	VI	0.00																													
2020	VII	0.00																													
2020	VIII	0.00																													
2020	IX	0.00																													
<p>INFLATION RISK</p>	<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. The consumer price index for August 2020 compared to July 2020 is 100.0%, i.e. monthly inflation is 0.0%. Inflation since the beginning of the year (August 2020 compared to December 2019) is minus 0.5%, and annual inflation for August 2020 compared to August 2019 is 1.2%. The average annual inflation for the period September 2019 - August 2020 compared to the period September 2018 - August 2019 is 2.5%³</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</p>																														

²https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202006_bg.pdf

³https://www.nsi.bg/sites/default/files/files/pressreleases/Inflation2020-08_MUBNRLA.pdf

goods and services. The harmonized index of consumer prices for August 2020 compared to July 2020 is 100.4%, i.e. monthly inflation is 0.4%. Inflation since the beginning of the year (August 2020 compared to December 2019) is 0.6%, and annual inflation for August 2020 compared to August 2019 is 0.6%. The average annual inflation for the period September 2019 - August 2020 compared to the period September 2018 - August 2019 is 1.8%.⁴

ECB experts' macroeconomic projections for the euro area from September 2020 forecast annual HICP inflation of 0.3% in 2020, 1.0% in 2021 and 1.3% in 2022. Compared with the macroeconomic projections of Eurosystem experts from June 2020, the inflation forecast remains unchanged for 2020, and for 2021 it has been revised upwards and remains unchanged for 2022.⁵



*Source: NSI

CURRENCY RISK

Exposure to currency risk is the dependence and effects of changes in exchange rates. Systemic 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.

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.

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 ± 15%.

⁴https://www.nsi.bg/sites/default/files/files/pressreleases/Inflation2020-08_MUBNRLA.pdf

⁵https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202006_bg.pdf

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.⁶ 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 unfavourable 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.

The Allterco JSCo Group companies operate in Bulgaria as well as in EU countries and third 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.

Additionally, the Group companies are exposed to currency risk in relation to the Asian telecommunications business (income and expenses in this business are in Singapore dollars, Thai baht and Malaysian ringgit), and the planned sale of this business can be expected to be realized in EUR or US dollars.

To limit the effects of the currency risk, the Issuer has introduced a system for planning the deliveries from countries inside and outside the EU, as well as procedures for daily monitoring of the movements in the exchange rates of the foreign currencies and control over the forthcoming payments. Currently, the Issuer does not use derivative instruments for hedging the currency risk, but if necessary, the management is ready to enter into such transactions.

Credit risk of the state

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 consolidated 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:

Table 1: Credit risk of Bulgaria

Credit agency	Date of last change	Long-term rating	Prospects
Standard & Poor’s	29.05.2020 ⁷	BBB	Stable
Moody’s	30.08.2019 ⁸	Baa2	Positive
Fitch	21.08.2020 ⁹	BBB	Stable

Source: Ministry of Finance

⁶ <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200710~4aa5e3565a.en.html>

⁷Ministry of Finance (<https://www.minfin.bg/bg/news/11063>)

⁸Ministry of Finance(<https://www.minfin.bg/bg/news/10780>)

⁹<https://www.minfin.bg/bg/69>

	<p>On August 21, 2020, the international credit agency Fitch confirmed the long-term and short-term credit rating of Bulgaria in foreign and local currency. The level is maintained BBB with a stable outlook. The stable outlook reflects the degree of economic sustainability against the coronavirus pandemic due to long-term fiscal stability, significant international foreign exchange reserves and the possibility of significant transfers from the EU over the projection period. The country's entry into the Exchange Rate Mechanism II (ERM II) and the gradual process of preparation for the adoption of the euro will also help maintain macroeconomic and fiscal stability in the context of negative risks to growth and growing political uncertainty.¹⁰ On May 29, 2020, the credit rating agency <i>Standard & Poor's</i> confirmed Bulgaria's long-term and short-term foreign and local currency credit ratings of BBB/A-2 rating and revised its outlook from 'positive' to 'stable'. The change in the outlook is due to the downward revision of the gross domestic product growth in 2020, taking into account the impact of the coronavirus pandemic (COVID-19) on economic activity in the country, and recovery is expected in 2021.¹¹ Both agencies predict the budget balance for 2020 will deteriorate under the influence of the economic downturn and fiscal incentives in response to the pandemic and government debt will increase. Analysts expect prudent fiscal policy with sustainable debt management to be preserved.</p>
<p>Unemployment risk</p>	<p>As a major factor influencing consumers' purchasing power, rising unemployment would reduce demand for IoT products. Unemployment in most of the markets in which the Group operates, including in Bulgaria and the European Union, is at historically low levels since the 2008 global financial crisis. 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>In addition to the above, the crisis caused by the new coronavirus pandemic has radically changed the labour market situation. According to Eurostat, In September 2020, the euro area seasonally-adjusted unemployment rate was 8.3 %, stable compared with August 2020 and up from 7.5 % in September 2019. The EU unemployment rate was 7.5 % in September 2020, stable compared with August 2020 and up from 6.6 % in September 2019..¹²</p>
<p>Risk associated with the legal system</p>	<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>
<p>TAX RISK</p>	<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/11106>

¹¹ <https://www.minfin.bg/bg/news/11063>

¹² https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Unemployment_in_the_EU_and_the_euro_area

4.2. NON-SYSTEMIC 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. According to the Council of European Professional Informatics Societies in Europe, including Bulgaria, there is a shortage of such staff, and by the end of 2020 the shortage at the European level is expected to reach 756 thousand people¹³. 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 or the maintenance of established ones. On the other hand, low competition in this sector raises the cost of labour. Thus, the financial position and market share of the Issuer would suffer.

Risk of strong competition

After the sale of most of the telecommunications 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

¹³Europe's widening ICT skills gap | <https://www.cepis.org/media/CEPISe-CFBackgrounder1.pdf>

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 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 Issuer and its local partners regularly monitor planned changes in the legislation and take timely measures to ensure the compliance of products with them.

The telecommunications sector, in which some of the companies in the Group operate, is directly related and depends on the telecommunications services sector, which is characterized by strong regulation at the level of the respective country where the service is provided, as well as frequent change of these regulations. Very often these regulations lead to a ban on the provision of certain types of services, which has a negative impact on the development of the industry and the results achieved by the companies operating therein. Specific regulation in the different jurisdictions in which the Issuer's companies operate is exercised by a local regulator, equivalent to the Bulgarian Communications Regulation Commission.

In consideration of the sale of the telecommunications companies of Allterco JSCo in Europe and the relatively small share of this business in Asia, the impact of the changes in the regulations in the telecommunications business is decreasing. Following the implementation of the planned sale of the Asian telecommunications business by the Issuer, the impact of this risk factor is expected to be minimal.

Regarding the IoT business of the Issuer's companies, the impact of the changes in the regulation of the telecommunication services is also limited. 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, risk associated with the decision of the Board of Directors to sell the Group's telecommunications business in Asia, 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 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.

The business activity of the Group is also related to the business of mobile operators. The services in the telecommunications segment and some of the products of the Group companies in the IoT segment are offered through mobile operators, as the share of this sales channel is gradually decreasing. The possible loss of a partnership with a certain mobile operator and the consolidation processes in the mobile operator sector may lead to negative consequences for the revenues and financial position of the Group. Following the sale of the telecommunications business and the diversification of sales channels in the IoT segment, this risk is becoming less significant.

Risks arising from 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.

Risk related to the decision of the Board of Directors to sell the Group's telecommunications business in Asia

In December 2019, the Board of Directors took a strategic decision to sell the Issuer's stake in the capital of the following companies: 100% of the capital of Allterco Pte Ltd. (Singapore), 100% of the capital of Allterco SDN Bhd. (Malaysia) and 49% of the capital of Allterco Co. Ltd. (Thailand). At the moment, no specific parameters of the transaction have been established and no binding commitments have been made by potential buyers. The implementation of such a transaction is uncertain, as there are no guarantees that the transaction will take place. On the other hand, there is a lack of certainty about the achievement of specific conditions for its implementation, respectively for their potential effect on the results of the Group.

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.

A part 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. Also, one of the companies has a factoring contract, which it uses to advance large payments with a significant deferred payment period.

Bank financing is also used for the implementation of some projects for which grant funding has been approved by European funding programs for Allterco Robotics Ltd. The terms of the grant provide for the need to finance the projects with own funds and subsequent full or partial reimbursement of the costs incurred. In this regard, after the completion of the projects, the funding used for them will be repaid with the amount of the received grant. To this effect, the use of such financing is not expected to significantly affect the overall financial position of the Company.

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 of the company.

5. TRANSACTIONS WITH RELATED OR INTERESTED PARTIES

For the reporting period the Company has not entered into transactions with interested parties.

The Group companies have not entered into any transactions with each other that fall beyond their scope of regular business or that significantly deviate from the market conditions. All transactions between the companies in the group are eliminated by the preparation of the consolidated financial statements.

6. INFORMATION ON NEWLY INCURRED SIGNIFICANT RECEIVABLES AND/OR LIABILITIES FROM THE BEGINNING OF THE YEAR TO THE END OF THE REPORTING QUARTER

The Company has no new significant receivables during the reporting quarter

On September 29, 2020, the subsidiaries of Allterco JSCo, Allterco Properties Ltd., in its capacity of borrower and Allterco Trading Ltd., in its capacity of joint and several debtor, entered into an Investment Loan Agreement with DSK Bank EAD in the amount of EUR 450,000. The loan repayment period is 48 months at a variable annual interest rate of 1m EURIBOR+2.1%. The loan will be secured by a pledge of bank accounts and a mortgage. Stakeholders are not involved in the transaction. The bank financing is intended for refinancing the price of the real estate situated at Cherni Vrah Blvd in Sofia city, acquired by Allterco Properties Ltd. During the reporting period.

7. INFORMATION ON THE TRADING IN THE SHARES OF ALLTERCO JSCo DURING THE REPORTING PERIOD

Historical data on trade						
Date	Volume	Turnover	Highest value	Lowest value	Opening value	Closing value
30.09.2020	30903	118805.54	4,000	3,740	3,880	3,960
28.08.2020	15818	60522.96	3,920	3,720	3,820	3,880
31.07.2020	11673	43981.70	3,880	3,640	3,800	3,780
30.06.2020	27058	104677.66	4,000	3,680	3,680	3,780
28.05.2020	17698	58736.32	3,760	3,020	3,040	3,760
30.04.2020	17124	52373.62	3,180	3,000	3,020	3,080
30.03.2020	92982	274522.94	3,800	2,700	3,700	3,040
28.02.2020	17337	64579.14	3,920	3,420	3,860	3,520
31.01.2020	53960	209647.86	4,180	3,400	3,920	3,880

Source: Investor.bg

8. EVENTS AFTER THE END OF THE REPORTING PERIOD

After the end of the reporting period, Allterco JSCo submitted to the FSC, the BSE and the public additional information.

Date	NOTIFICATION
06.11.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>The majority shareholders and members of the Board of Directors – Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov have entered into an Agreement for blocking of a total of 11,552,240 shares of the company’s capital, currently owned by them, for a period of 3 years as from the date of entry of the capital increase in the Commercial Register. Under certain conditions, after the expiration of 6 months from the date of entry of the capital increase in the Commercial Register, the majority holders will have the right to trade up to 7% of the shares held by them. Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov have agreed among themselves and in favour of the public company.</p> <p>Considering that shareholders also invest their trust in the company, its business activities and the products and services offered by it and/or its subsidiaries, as well as in its management bodies, relying on these persons not to change their capacity as shareholders for a sufficiently long period of time, including not to reduce the amount of their shareholding, Allterco JSCo has agreed to use the provisions in its favour, namely the right to penalties and/or compensation for damages in case of non-compliance by the contracting parties with regard to the blocking of their shares.</p> <p>The commitment of Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov is under the condition that the company successfully realizes an increase in its capital, according to the Prospectus for public offering of 3 million new shares of Allterco JSCo, together with the amendments thereto, according to Decisions No. 148-E of 18.02.2020, No. 405-E of 11.06.2020 and No. 601-E of 13.08.2020.</p>
07.10.2020	<p>The Company has disclosed to the FSC and the Public the following information: Notice for the Financial Statements (<i>notification of financial condition</i>) of the Company for the third quarter of 2020 on an individual base</p>
12.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>We hereby and within the legally established term inform you that the following notifications have been received in the office of Allterco JSCo:</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by Dimitar Stoyanov Dimitrov, in his capacity as a person discharging managerial responsibilities - Executive Director of Allterco JSCo of transactions conducted by him and on his own account on 08.10.2020 on a regulated market - Bulgarian Stock Exchange AD - transactions with rights related to shares of Allterco JSCo, as follows: sales of in total 5 421 120 rights (ISIN BG4000012204) at a unit price of BGN 0.13</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by Svetlin Iliev Todorov, in his capacity as a person discharging managerial responsibilities – Chairman of the Board of Directors of</p>

	<p>Allterco JSCo of transactions conducted by him and on his own account on 08.10.2020 on a regulated market - Bulgarian Stock Exchange AD - transactions with rights related to shares of Allterco JSCo, as follows: sales of in total 5 421 120 rights (ISIN BG4000012204) at a unit price of BGN 0.13 and BGN 0.131 per right.</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by Svetozar Gospodinov Iliev, in his capacity as a person discharging managerial responsibilities – Chief Financial Officer of Allterco JSCo of transactions conducted by him and on his own account on 08.10.2020 on a regulated market - Bulgarian Stock Exchange AD - transactions with rights related to shares of Allterco JSCo, as follows: sales of in total 111 000 rights (ISIN BG4000012204) at a unit price of BGN 0.131 per right.</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMPETUS PARTNERS OOD, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by it and on its own account on 08.10.2020 on a regulated market - Bulgarian Stock Exchange AD - transactions with rights related to shares of Allterco JSCo, as follows: sales of a total of 2 025 000 rights (ISIN BG4000012204) at a unit price of BGN 0.130 per right.</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMVENTURE I KDA, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by him and on his own account on 08.10.2020 on a regulated market - Bulgarian Stock Exchange AD - transactions with rights related to shares of Allterco JSCo, as follows: sales of a total of 616 440 rights (ISIN BG4000012204) at a unit price of BGN 0.130 per right.</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMVENTURE II KDA, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by it and on its own account on 08.10.2020 on a regulated market - Bulgarian Stock Exchange AD - transactions with rights related to shares of Allterco JSCo, as follows: sales of a total of 342 465rights (ISIN BG4000012204) at a unit price of BGN 0.130 per right</p>
12.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>In connection with the Notification dated 21.09.2020 regarding the adopted decision of the General Meeting of Shareholders of Allterco JSCo dated 21.09.2020 for distribution and payment of dividends to the shareholders of the company in the total amount of BGN 450,000 and pursuant to this decision The Board of Directors of Allterco JSCo determined by Decision of 12.10.2020 the following manner and terms for payment of the dividend:</p> <ul style="list-style-type: none"> - Gross amount of the dividend per share BGN 0.03; - Net amount of the dividend per share BGN 0.0285 for the individual shareholders - Manner of dividend payment: To the shareholders, whose securities accounts are in register A of the Central Depository /, personal accounts /, the dividend will be paid

	<p>through the branches of Raiffeisenbank Bulgaria EAD. To the shareholders, whose securities accounts are in register B of the Central Depository / client sub-account with an investment intermediary / through the respective investment intermediary with the assistance of the Central Depository.</p> <ul style="list-style-type: none"> - Initial term for payment of the dividend: 09.11.2020 - Initial term for payment of the dividend: 09.11.2020 - Deadline for payment of the dividend: 09.11.2021 <p>- After the expiration of the deadline for payment of the dividend, within the five-year limitation period, any shareholder who has not received its dividend will be able to receive it from the company in cash or by bank transfer after an explicit request for this at the address of the company Sofia, Blvd. "Cherni Vrah" 103. Divident payments that were not requested and not received after the limitation period shall be referred to the Reserve Fund of the Company. Right to dividend, according to art. 115c, para. 3 of the POSA, belongs to the shareholders having shares as of the 14th day after the date of the General Meeting, namely as of 05.10.2020.</p> <p>The payment of the dividend will be made through Central Depository AD in accordance with the procedure and under the conditions provided for in the Public Offering of Securities Act, the Regulations of Central Depository AD and the other applicable provisions of the Bulgarian legislation. Shareholders holding their shares in client accounts with investment intermediaries will receive the dividend due through the respective investment intermediary. Shareholders holding their shares in personal accounts with Central Depository AD will receive the dividend through Raiffeisenbank Bulgaria EAD, the bank servicing the dividend payment.</p>
13.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>In reference to the Share Purchase Agreement (SPA) signed between Allterco JSCo ("the Company") and Link Mobility Group AS ("Link Group") on 29.07.2020 for the sale of the telecommunication business of Allterco JSCo in Europe, we hereby inform you that the Company has achieved the opportunity to sell part of its shares of the capital of the sole owner of Link Mobility Group AS - Victory Partners VIII Norway Holding AS (currently Link Mobility Group Holding ASA, "Link Holding") received as part (20%) of the transaction price. Link Holding has taken actions for an initial public offering of new shares of its capital, as well as for secondary public offering of part of the existing shares owned by individual shareholders, according to the Prospectus for public offering dated 12.10.2020, published on the website of Link Holding ("the Prospectus"). In this regard and in execution of the terms of the Shareholder's Agreement, to which Allterco JSCo has joined in respect of shares of Link Holding's capital that it has acquired, Allterco JSCo is involved in the public offering pursuant to the Prospectus as a selling shareholder. According to the terms of the offering the number of the publicly offered existing shares to be sold by the selling shareholders will be determined by Link Holding and its principal shareholder, in consultation with the managers of the offering. According to the Prospectus a maximum of 467 999 shares, and in case of significant interest in the offering (over-allotment) – additional 120 600 shares, out of the total 1 345 180 shares held by Allterco JSCo can be sold at a price of NOK 47.00 per share. Based on the demand for offer shares in the bookbuilding process of the institutional offering and applications received in the retail offering, Link Holding and its principal shareholder, in consultation with the managers of the offering may decide to reduce the maximum number of the sale</p>

	<p>shares and to not sale existing shares under secondary offering at all. According to the Prospectus, publication of the results of the offering is expected to take place on or around 20.10.2020. Furthermore, as disclosed, it is expected that at the same time the selling shareholders, among which the Company, and the manager of the offering ABG Sundal Collier ASA will enter into a placing agreement with respect to the offering, based on which the sale of shares to be executed. Allterco JSCo will disclose timely according to the regulated information the conclusion of such agreement, under which the possible sale of shares in the capital of Link Holding, provisioned in the Prospectus, could be completed. The shares which are not sold after the end of the secondary offering are provisioned to be subject to lock-up agreement for a period of 180 days after the first day of trading and listing of the shares of Link Holding on the regulated market. According to the information in the Prospectus, the public offering of shares from the capital of Link Holding is expected to take place in the period 14 – 23 October at an offer price of 47.00 Norwegian kroner per share. For avoidance of any doubt Allterco JSCo draws the attention to the fact that any possible sale of the aforementioned number of shares is not related to the extrajudicial claim received by Allterco JSCo from Link Mobility Group AS in July this year. Victory Partners VIII Norway Holding AS (current name Link Mobility Group Holding ASA) is a separate legal entity – sole owner Link Mobility Group AS, of whose capital Allterco JSCo owns 1 345 180 shares or 0.628%.</p>
19.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>We hereby and within the legally established term inform you that the following notifications have been received in the office of Allterco JSCo:</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by Dimitar Stoyanov Dimitrov, in his capacity as a person discharging managerial responsibilities - Executive Director of Allterco JSCo of transactions conducted by him and on his own account on 14.10.2020 through the investment intermediary Karoll AD and namely - exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 71 000 shares (ISIN BG1100003166) at issue price of BGN 3.00</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by Svetlin Iliev Todorov, in his capacity as a person discharging managerial responsibilities – Chairman of the Board of directors of Allterco JSCo of transactions conducted by him and on his own account on 14.10.2020 through the investment intermediary Karoll AD and namely - exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 71 000 shares (ISIN BG1100003166) at issue price of BGN 3.00</p> <p>Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by Svetozar Gospodinov Iliev, in his capacity as a person discharging managerial responsibilities – Chief Financial Officer of Allterco JSCo of transactions conducted by him and on his own account on 14.10.2020 through the investment intermediary Karoll AD and namely - exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 4 800 shares (ISIN BG1100003166) at issue price of BGN 3.00.</p>
21.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p>

	<p>Hereby a reference is made to notification dated 13.10.2020 about the public offering of existing shares of Victory Partners VIII Norway Holding AS (current name Mobility Group Holding Link ASA, "Link Holding"), pursuant to prospectus for public offering dated 10.12.2020, including shares owned by Allterco JSCo, which were acquired as part (20%) of the purchase price for its telecommunications business in Europe according to Share Purchase Agreement (SPA) dated 29.06.2019 signed with Link Mobility Group AS ("Link Group). In compliance with the terms of the offering, set by the prospectus dated 12.10.2020, after the end of the book building period on 20.10.2020, Link Holding and its principal shareholder, in consultation with the managers of the offering, have determined the number of existing shares to be sold in the secondary offering by the current shareholders, including Allterco JSCo. At offering price of 47 NOK per share, the number of shares that Allterco will sell is between 467 999 and 588 599 shares (considering that 120 600 shares are subject of overallotment option with 30 days period, according to the terms of the prospectus 12.10.2020). After the offering is completed Allterco JSCo retain an ownership in Link Mobility Group Holding ASA respectively 0,33 % (assuming that the over-allotment option is not exercised) and 0,28 % (assuming that the over-allotment option is exercised in full) and these shares will be locked-up for 180 days following the first day of trading and listing of the shares. For the commencing the sale of the shares, in compliance with the prospectus, a Placing Agreement between Allterco JSCo and the manager of the offering ABG Sundal Collier ASA is signed. The sale of the main portion of shares (467 999 shares) is expected to take place by the end of the offering, planned for 23 October 2020 according to the prospectus. In case the over-allotment option is exercised, the Company will disclose this information timely according to the regulated information requirements.</p>
22.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>Reference is hereby made to an Announcement dated 21.10.2020 about the participation of Allterco JSCo ("the Company") as a selling shareholder in a public offering of existing shares of Partners VIII Norway Holding AS (currently Link Mobility Group Holding ASA, "Link Holding") according to prospectus for public offering dated 12.10.2020 and a Placing Agreement signed with the manager of the offering ABG Sundal Collier ASA: Herewith we inform you that in compliance with Article 23 (1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and within the statutory term the Company has submitted for approval by the Financial Supervision Commission a new (third) supplement to Prospectus for initial public offering of shares of Allterco, confirmed by the Financial Supervision Commission with Decision № 148-E dated 18.02.2020 ("the Prospectus") together with previous supplements thereto dated 02.06.2020 and 29.07.2020 ("the Supplement"). The Supplement to the Prospectus has been prepared for the purpose of completeness of the information regarding the new circumstance related to the Company. Following an approval of the Supplement by the Financial Supervision Commission, the Allterco JSCo will make it available to the public according to the legal requirements. The new (third) Supplement to the Prospectus, as well as a consolidated version of it together with all supplements thereto, will be made available to the public as follows: • on the website of Allterco JSCo at https://allterco.com/en/IPO_2020_PROSPEKT • on the webpage of the investment intermediary Karoll AD at • https://karollbroker.bg/bg/cap-increase-allterco The Supplement does not affect the schedule of the offering as announced by Allterco JSCo with a Notice under Art. 89r of POSA on 28.09.2020.</p>

22.10.2020

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

Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMPETUS PARTNERS OOD, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by this closely associated person and on its own account on 19.10.2020 through the investment intermediary Karoll AD and namely - exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 405 000 shares (ISIN BG1100003166) at issue price of BGN 3.00.

Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMVENTURE I KDA, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by this closely associated person and on its own account on 19.10.2020 through the investment intermediary Karoll AD and namely - exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 123 288 shares (ISIN BG1100003166) at issue price of BGN 3.00.

Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMVENTURE II KDA, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by this closely associated person and on its own account on 19.10.2020 through the investment intermediary Karoll AD and namely - exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 68 493 shares (ISIN BG1100003166) at issue price of BGN 3.00

Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by UNICOM CONSULT EOOD, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by this closely associated person and on its own account as follows:

- exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 14 125 shares (ISIN BG1100003166) at issue price of BGN 3.00, on 19.10.2020 through the investment intermediary Karoll AD
- repo (an opening transaction) 70 000 shares from the capital increase of Allterco JSCo, (ISIN BG1100003166) at issue price of BGN 1.90, on 21.10.2020 through the investment intermediary Elana Trading AD

Notification under Art. 19, para. 1 of Regulation (EU) № 596/2014 of the European Parliament and of the Council by IMPETUS CAPITAL OOD, in its capacity as a person closely associated with a person discharging managerial responsibilities and namely – Nikolay Angelov Martinov – member of the Board of Directors of Allterco JSCo of transactions conducted by this closely associated person and on its own account as follows:

	<ul style="list-style-type: none"> • exercise of rights for subscription of shares from the capital increase of Allterco JSCo, as follows: exercise of rights for subscription of 27 000 shares (ISIN BG1100003166) at issue price of BGN 3.00, on 20.10.2020 through the investment intermediary Karoll AD • repo (an opening transaction) for 135 000 shares from the capital increase of Allterco JSCo, (ISIN BG1100003166) at issue price of BGN 1.90, on 21.10.2020 through the investment intermediary Elana Trading AD
26.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>Reference is hereby made to an Announcement dated 21.10.2020 about the participation of Allterco JSCo (“the Company”) as a selling shareholder in a public offering of existing shares of Partners VIII Norway Holding AS (currently Link Mobility Group Holding ASA, “Link Holding”) according to prospectus for public offering dated 12.10.2020 and a Placing Agreement signed with the manager of the offering ABG Sundal Collier ASA: According to information from the offering manager, the 588 599 shares owned by Allterco JSCo in the capital of Link Holding (including 120 600 shares subject to an over-allotment option) are sold at a price of NOK 47 per shareThe sold 588 599 shares represent part of total 1 345 180 shares owned by Alterco AD, and following the sale the Company holds 0.28% in the capital of Link Holding.</p>
30.10.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>Reference is hereby made to an announcement, published on 22.10.2020, regarding a submitted for approval by the supervisory authority new (third) supplement to the prospectus for the public offering of shares of Allterco JSCo, that was approved by Decision No. 148 – E of 18 February 2020 of the Financial Supervision Commission (“the Prospectus”). Herewith the Company informs that with Decision No. 791– E of 29 October 2020 the Financial Supervision Commission has confirmed the new (third) Supplement to the Prospectus (“the Supplement”) The Supplement was prepared in relation to the participation of Allterco JSCo as a selling shareholder in a public offering of existing shares of Victory Partners VIII Norway Holding AS (currently Link Mobility Group Holding ASA, “Link Holding”). The Supplement, as well as a consolidated version of the Prospectus containing all supplements thereto, are available to the public on the following websites: • the website of the Issuer: https://allterco.com/en/IPO_2020_PROSPEKT • the website of the authorized financial intermediary Karoll AD: https://karollbroker.bg/bg/cap-increase-allterco In relation to the intention of Allterco JSCo for the public offering of the securities, subject of the capital increase, in the territories of the Federal Republic of Germany and the Italian Republic, a request for notification about the Supplement to the competent authorities of the said countries has been submitted. The investors who have subscribed for the shares before the data, on which the Supplement was published, has the right of withdrawal, according to Art. 23 (2) of Regulation (EU) 2017/1129, which they can exercise in accordance with the conditions, provided in the Supplement. The approved Supplement does not change the published schedule of the offering as announced by Allterco JSCo with a Notice under Art. 89r of POSA on 28.09.2020 and the results of the offering shall be known by 4 November 2020 (including)</p>

04.11.2020

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

NOTICE about the results from initial public offering of shares from the capital increase of Allterco JSCo Herewith, ALLTERCO JSCo, UIC 201047670, registered office, address of management and address for correspondence: Sofia 1407, 103 Cherni Vrah Blvd. ("the Company"), represented by Dimitar Dimitrov – Chief Executive Director, notifies the investors for the results of the procedure for public offering of shares from the capital increase of the Company ("the Offering"), which was carried out in accordance with and under the conditions specified in the Prospectus for initial public offering of shares of ALLTERCO JSC, confirmed by Decision № 148-E dated 18.02.2020 of the Financial Supervision Commission and subsequent amendments thereto, confirmed by Decisions of the Financial Supervision Commission № 405-E dated 11.06.2020, № 601-E dated 13.08.2020 and № 791 -E dated 29.10.2020 . ("Prospectus").

- Period of the Offering and date of closing : The period for submission of applications for subscription of new shares from the capital increase of the Company within the Offering started at 9:00 (EEST) on October 8 , 2020 and ended at 17:30 (EET) on 30.10.2020 , as within the period of offering on the accumulation account of the Company the issue price of all new shares applied for subscription from the capital increase of the Company has been paid.

- The total number of subscribed shares from the capital increase of the Company as a result of the Offering: as a result of the Offering there are subscribed and the paid 2 999 999 (two million nine hundred and ninety-nine thousand nine hundred ninety-nine) new shares from the capital increase of the Company , of which 15.19 % are subscribed by institutional and 84.81 % by private investors. In view of this, the capital increase of the Company and the Offering are considered to have been successfully completed. • The funds raised from the IPO : As a result of the Offering and the subscription of new shares from the capital increase of the Company was raised an amount of 8 999 997 (eight million nine hundred and ninety-nine thousand nine hundred ninety-seven) BGN.

- The funds raised from the IPO: As a result of the Offering and the subscription of new shares from the capital increase of the Company was raised an amount of 8 999 997 (eight million nine hundred and ninety-nine thousand nine hundred ninety-seven) BGN.

- The amount of commissions and other expenses of the Offering: the total costs of the Company for the Offering in the amount of 423 852 BGN . That amount includes the cost for remuneration of the authorized investment intermediary - Karoll AD, legal counselling, consulting fees related to the offering, translation services, other administrative fees and expenses, including costs for registration of the capital increase of the Company, subject to the Offering, in the Commercial register and the register of non-profit legal entities at the Registry Agency, in Central Depository AD, as well as for admission of the shares of the capital of the Company to trading on the Bulgarian Stock Exchange AD.

- The company and the authorized investment intermediary - Karol AD have not encountered difficulties, disputes and the like related to the trading of the rights and the subscribing for the shares. After the date of publishing of the Supplement to the Prospectus, confirmed by Decision 791-E dated 29.10.2020 of the Financial Supervision Commission, for the period from 30.10.2020 to 03.11.2020, including, no requests from investors for withdrawal of applications for subscription of shares have

	<p>been received by the investment intermediary, according to art. 23 (2) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in the case of a public offering or admission of securities to trading on a regulated market and repealing Directive 2003/71 / EC (OJ, L 168/12 of 30 June 2017</p>
13.11.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>Reference is hereby made to an announcement, published on 04.11.2020 about the successful closing of initial public offering of shares from the capital increase of Allterco JSCo. Herewith we inform that the capital increase of 2 999 999 BGN representing 2 999 999 ordinary, registered, dematerialized, voting shares, with a par value of BGN 1 each has been registered with the Commercial Register at the Register Agency. The capital of Allterco JSCo following the increase amounts to 17 999 999 BGN, representing 17 999 999 ordinary, registered, dematerialized, voting shares, with a par value of BGN 1 each.</p> <p>The capital increase is a result of the successful public offering performed in the period 28.09.2020 – 30.10.2020 in accordance with Prospectus for initial public offering confirmed by Decision № 148-E dated 18.02.2020 of the Financial Supervision Commission together with the subsequent supplements thereto.</p>
23.11.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>In accordance with Art. 148b in relation to Art. 100t POSA, we hereby inform you that the following notifications for significant share participation have been received in the office of Allterco JSCo:</p> <ul style="list-style-type: none"> • Notification under Art. 145 of the POSA by the shareholder Dimitar Stoyanov Dimitrov, directly holding more than 5% of the voting rights, regarding the change of his share participation in reference to the thresholds under Art. 145, para. 1 of the Public Offering of Securities Act (falling below a multiple of 5 per cent of the number of voting rights), namely – to 32.48%, as of the date of entry of the capital increase of Allterco JSCo in the Commercial Register - 13.11.2020. The total number of the voting rights held by Dimitar Stoyanov Dimitrov after the entry of the capital increase is 5 847 120 voting shares or 32.48% of the company's capital • Notification under Art. 145 of the POSA by the shareholder Svetlin Iliev Todorov directly holding more than 5% of the voting rights, regarding the change of his share participation in reference to the thresholds under Art. 145, para. 1 of the Public Offering of Securities Act (falling below a multiple of 5 per cent of the number of voting rights), namely – to 32.48%, as of the date of entry of the capital increase of Allterco JSCo in the Commercial Register - 13.11.2020. The total number of the voting rights held by Svetlin Iliev Todorov is 5 847 120 voting shares or 32.48% of the company's capital The share participations indicated in the notifications of the shareholders are result of the capital increase of Allterco JSCo, where the notifying shareholders have exercised only part of their rights for subscription of new shares from, the capital increase.
25.11.2020	<p>The Company has disclosed to the FSC and the Public the following information:</p> <p>Reference is hereby made to an announcement, published on 13.11.2020 about the registration of the capital increase of Allterco JSCo with the Commercial Register by</p>

the Register Agency. Herewith we inform that by Decision of 24 November 2020 the Board of Directors of the Bulgarian Stock Exchange AD has admitted to trading on the Standard Equities Segment of the BSE Main Market a subsequent issue of shares of Allterco JSCo (AD) as follows:

- ISIN of the issue: BG1100003166
- BSE code of the issue: A4L
- Amount of the issue before the increase: BGN 15,000,000
- Amount of the increase: BGN 2,999,999
- Amount of the issue following the increase: BGN 17,999,999
- Number of shares following the increase: 17,999,999 shares
- Nominal value per share: BGN 1.00 /one Bulgarian lev/
- Type of shares: common, registered, dematerialized and voting shares
- Date of entry into trade: 26 November 2020 (Thursday).

9. OTHER INFORMATION AT THE DISCRETION OF THE COMPANY

Based on a decision of the Board of Directors dated 24.01.2020 for capital increase through initial public offering of 3 million newly issued shares and its parameters, the Company has submitted for approval by the Financial Supervision Commission a Prospectus for capital increase (Prospectus).

By decision No. 143 of 18.02.2020, the Financial Supervision Commission approved the Prospectus and the same was published on the website of the Issuer and the investment intermediary. Two Supplements were drawn up to the Prospectus, confirmed by the Financial Supervision Commission with Decisions 405-E dated 11.06.2020, No. 601-E dated 13.08.2020 and Decision № 791-E of 29.10.2020, respectively. Based on a request for notification made by the company, the public offering was carried out on the territories of Bulgaria, the Federal Republic of Germany and the Italian Republic.

The public offering was conducted on the basis of the Prospectus confirmed by the Financial Supervision Commission together with the supplements thereto in the period 28.09.2020 - 30.10.2020 on the basis of a published Notice for Public Offering under Art. 89t of POSA dated 28.09.2020

Within the term for subscription of shares from the capital increase the issue value of 2,999,999 (two million nine hundred ninety-nine thousand nine hundred ninety-nine) number of new shares from the increase of the capital of the Company has been subscribed and paid to the accumulation account of the Company. In view of this, the capital increase of the Company and the Public Offering are considered to have been successfully completed.

Based on the successful public offering for the capital increase of the Company on the grounds of art. 7, para. 10 of the Statute of the Company, the Board of Directors has submitted for registration and the Commercial Register at the Registry Agency has registered the capital increase in the Commercial Register, as well as an amendment of the Statute, the text of which has been updated with the increased capital.

The capital of Allterco JSCo after the increase is BGN 17,999,999, representing 17,999,999 ordinary, dematerialized, registered voting shares with a nominal value of BGN 1 each.

Out-of-court claim of Link Mobility Group AS

As the company announced, in an official letter dated July 6, 2020, the Norwegian company Link Mobility Group AS (Link), which in July 2019 acquired the telecommunications business of Allterco JSCo in Europe, claims compensation for damages with regard to the Share Purchase Agreement (SPA) concluded between the parties. The claims include EUR 1,561,535.80, which Link states to be set off against the obligation to pay the rest of the price, as well as the amount of EUR 1,337,210.20, payable by bank transfer or by returning the acquired from Allterco JSCo as part of the price shares in the capital of the sole owner of Link Mobility Group AS, as well as costs and other expenses in connection with these claims. At present, the amounts claimed by Link are not subject to legal proceedings, and the parties have the possibility to resolve the dispute between them through negotiations, in the manner of good business relationship. The initial review performed by Allterco JSCo shows that the claims addressed to the company are unfounded. The company management has commissioned a detailed due diligence to protect the company interests. In the light of the financial results reported by the companies within the holding, the management believes that the situation will not slow down the growth trends of Allterco JSCo, nor will it affect the financial stability of the company. At the end of the reporting period, no new circumstances arose with regard to the claim. The company is committed to promptly disclose information regarding the development of dispute settlement. Despite the Company's assessment, the claim is unfounded and is not expected to affect the financial performance and stability of the company, for the purpose of completeness, consistency and comprehensibility of the information a

second Prospectus Supplement for public offering of shares of the capital of Allterco JSCo was drawn up, confirmed by Decision No. 601-E dated 13.08.2020 of the Financial Supervision Commission.

Sale of shares owned by Allterco JSCo in the capital of Link Mobility Group Holding ASA

In reference to the Share Purchase Agreement (SPA) signed between Allterco JSCo (“the Company”) and Link Mobility Group AS (“Link Group”) on 29.07.2020 for the sale of the telecommunication business of Allterco JSCo in Europe, we hereby inform you that the Company has achieved the opportunity to sell part of its shares of the capital of the sole owner of Link Mobility Group AS - Victory Partners VIII Norway Holding AS (currently Link Mobility Group Holding ASA, "Link Holding") received as part (20%) of the transaction price. Link Holding has taken actions for an initial public offering of new shares of its capital, as well as for secondary public offering of part of the existing shares owned by individual shareholders, according to the Prospectus for public offering dated 12.10.2020, published on the website of Link Holding.

As a selling shareholder in a public offering of existing shares of Partners VIII Norway Holding AS (currently Link Mobility Group Holding ASA, “Link Holding”) according to prospectus for public offering dated 12.10.2020 and a Placing Agreement signed with the manager of the offering ABG Sundal Collier ASA: According to information from the offering manager, the 588 599 shares owned by Allterco JSCo in the capital of Link Holding (including 120 600 shares subject to an over-allotment option) are sold at a price of NOK 47 per share. The sale is expected to bring before transaction fees proceeds of 27 664 153 NOK (Norwegian kroner) or 4 955 784.03 BGN according to the foreign exchange rate of the Bulgarian National Bank as of October 23, 2020 (last published exchange rate as of the date of this announcement). The said amount is gross and subject to transaction fees. The sold 588 599 shares represent part of total 1 345 180 shares owned by Alterco AD, and following the sale the Company holds 0.28% in the capital of Link Holding, which according to the terms of the public offering are subject to lock-up for a period of 180 days as of the first date of conditional trading on regulated market.

Dividend

At its regular annual general meeting held on 21.09.2020, the General Meeting of Shareholders decided to distribute and pay dividends to shareholders with the following parameters:

- Total amount for distribution as dividend: BGN 450,000
- Dividend per share: BGN 0.03 per share
- Term for payment of the dividend - 60 days from the date of the General Meeting of Shareholders, at which the decision for payment of dividend was taken;
- Manner of payment - through Central Depository AD and in accordance with the requirements of the Public Offering of Securities Act and Ordinance No. 8 dated 12 November 2003 on the Central Depository, issued by the FSC;
- The right to receive a dividend have the persons entered in the registers of the Central Depository as such entitled to a dividend on the 14th day after the day of the General Meeting of the Shareholders at which the annual report was adopted.

The General Meeting of the Shareholders has authorized the Board of Directors to take all judicial and practical steps regarding the payment of the dividend to the shareholders, including but not limited to the selection of a commercial bank, setting the initial and final deadline for payment of the dividend.

COVID-19 related measures

On March 13, 2020, the National Assembly of the Republic of Bulgaria declared a state of emergency in the country due to the coronavirus epidemic (COVID-19) and intensified anti-epidemic measures and restrictions

were introduced. The state of emergency was lifted on 13 May 2020, but some of the anti-epidemic measures remained in force, as their gradual abolition started.

In the view of the dynamics with which the pandemic develops, it is practically impossible to make a reliable assessment and measure the possible effects of the pandemic on the business activity, assets and economic development of the Company and its subsidiaries, especially in the long run.

As early as March 2020, the Company has taken measures to limit the impact of this situation on business and ensure the continuity of work and production processes and the supply chain in the subsidiaries.

In order to prevent the reduction of revenues and limit the possible effects of reducing the purchasing power of some countries in Europe, the companies from the Group of Allterco JSCo have taken the necessary measures to maintain sales levels, such as:

- Launch of new products, some of them related to reducing the risk of infection and improving air purity, remote diagnosis of patients with Covid 19, as well as personal diagnostic tools;
- Successful registration of the subsidiary of Allterco JSCo - Allterco Trading Ltd. in the Bulgarian Drug Agency as a wholesaler of medical devices;
- Active pursue of the work on the medical certification of products from the MyKi Care series;

Based on the actions taken and observations on the business so far, the management of the Company does not expect the pandemic of COVID-19 and the measures introduced in this regard on an international and national level to have a significant unfavorable impact on the activities and financial position of Allterco JSCo and the Group companies.

Next, as evidenced by Decree No. 55 dated 30 March 2020 laying down the terms and conditions for the payment of compensation to employers in order to maintain the employment of workers and employees in an emergency situation, the IoT sector in which the companies in the Group operate, will not or will be significantly less affected than other sectors of the economy. It is true that the retail trade occupies a significant part of the business of the companies of the Group, but as far as the same is carried out mainly online, a significant negative effect on it is not expected from the state of emergency imposed in the country with regard to COVID-19. Moreover, online commerce is the preferred, and sometimes the only method of shopping as a result of the restrictions imposed by the state of emergency.

The company considers that there is no other information that has not been publicly disclosed by the company and which would be important for shareholders and investors in making an informed investment decision.

Date: November 27, 2020

For ALLTERCO JSCo:

Dimitar Dimitrov, CEO