

NOTES TO THE INDIVIDUAL  
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

Unless otherwise stated, all amounts are in BGN thousand.

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**1. Legal status and general information about the company**

Allterco JSCo, 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. The company is with seat and address of management in Sofia 1407, 103, Cherni Vrah Blvd.

The Company was initially registered with capital of 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. The registered share capital of Allterco JSCo was fully paid in. 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 17,999,999 as a result of a procedure for Public Offering of a new issue of shares.

Since 22 November 2021 the shares of Allterco are traded on two regulated markets in the EU – Bulgarian Stosck Exchange and Frankfurt Stock Exchange.

The scope of business 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 company is managed and represented by Svetlin Todorov and Dimitar Dimitrov.

**2. Basis for preparation of the financial statements and accounting principles.**

**2.1. General financing reporting framework**

The company 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. However, part of them are not

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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**

The management of the Company has complied with all standards and interpretations that are applicable to its activities and have been officially accepted for application by the EU as of the date of preparation of these individual financial statements.

The management of Allterco has reviewed the amendments in the existing accounting standards that became effective since January 1, 2021 and concluded that these amendments do not lead to changes in the existing accounting policy. The more significant amendments considered include:

### **Changes in IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 Reform of reference interest rates – Phase 2, effective sin January 1 2021, addoped by EU**

The changes include elements that affeset the financial reporting afte the reforoms made in the reference exchange rate, including its exchange with alternative reference interest rates. The publicated changes address questions that could affect the fionancial reporting when the existing reference interest rates are actually replaced.

### **Changes in IFRS 16 Leasing: Decrease of rents, related to COVID-19 in effect since June 30, 2021, in force since April 1, 2021, adopted by EU**

The period of validity of changes made in May 2020, which granted the tenants an exemption to treat the discount in rent rates made in relation with COVID-19 as a modification of the leasing contracts, is extended to June 30, 2022.

Apart from the above, the management thinks that it is not necessary to mention in the financial statements the names of those IAS and their corresponding clarifications in which changes has been made, regardless if they are formally or informally approved by EU and that will become effective in the future, if they are not relevant and will not affect the business activities of the Company. Mentioning the name of standards that are not applicable or do not have effect on the Company could lead to misinterpretation by the readers of financial statements.

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### **2.3. Accounting principles**

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

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. Subsidiaries. Consolidation.**

A subsidiary is a company that is controlled by the parent company. Control is the power to govern the financial and operating policies of a subsidiary so as to obtain benefits from its activities. As of December 31, 2021 the Company has three subsidiaries registered in Bulgaria, 2 subsidiaries abroad and 1 associated company abroad. In these individual financial statements, investments in subsidiaries are reported at acquisition cost and these statements do not constitute consolidated financial statements within the meaning of *IFRS 10 Consolidated Financial Statements*.

In order to gain a complete picture of the financial position, results of operations, and changes in the financial position of the group as a whole, users of these individual financial statements need to read it together with the consolidated financial statements of the company for the period ending on December 31, 2021. The company prepares consolidated financial statements, which according to regulatory requirements in Bulgaria are presented after the individual financial statements are approved.

### **2.5. Functional and reporting currency**

Functional currency is the currency of the main economic environment in which a company operates and in which most of its revenues and costs are incurred. The functional currency reflects the main deals, events and term significant for the company.

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The Company reports the transactions in the accounting and prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian lev, adopted by the Company as a functional currency.

The present individual financial statements are prepared in thousand BGN, unless something different is stated. Income per share is presented in BGN.

## **2.6. Foreign currency**

The transactions in foreign currencies are booked initially as the amount in foreign currency is translated in reporting currency by applying the currency fixing of Bulgarian National Bank as of the date of the transaction. Currency exchange differences that arise at settlement of foreign currency open positions or at time of reporting such positions when the currency exchange rate is different than the initial exchange rate reported in the profit, loss or other comprehensive income for the respective period. The cash positions in foreign currencies as of 31 December 2020 and 2021 are evaluated in the current financial statements at the closing exchange rate of Bulgarian National Bank.

## **2.7. Use of estimates and judgements**

The application of IAS stipulates that management of the Company should use some accounting assumptions and estimates in the process of preparing financial statements in order to the value of some assets, liabilities, revenues, costs and of balance sheet assets and liabilities. This is done on the basis on best judgment by management based on historic experience and analysis of all relevant factors as of the date of preparing the financial statements. Actual values may differ from the management estimates presented in the financial statements.

## **2.8. Comparative data**

Bulgarian accounting legislation stipulates that the financial year ends on December 31 and all companies are obliged to prepare and present financial statements as of this date together with comparative data for the same period of previous year. If necessary, the comparative data for the previous year is amended in order to achieve better comparability between the two periods.

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### **3. Definition and determination of the elements of the financial report**

#### **3.1. Property, plant and equipment**

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

##### **Initial acquisition**

Upon their initial acquisition, the properties, plant and equipment are valued at acquisition price (cost), which includes the purchase price, incl. customs duties and any direct costs necessary to bring the asset to working condition. The direct costs are: costs for site preparation, costs for initial delivery and processing, installation costs, costs for fees of persons related to the project, non-refundable taxes, etc.

The Company has set a value threshold of BGN 700, below which the acquired assets, regardless of the fact that they have the characteristics of a non-current asset, are treated as a current expense at the time of their acquisition.

##### **Subsequent expenses**

The expenses for repair and maintenance are recognized as current expense in the period in which they are incurred. Subsequent expenses related to property, plant and equipment, which have the characteristics of replacement of some key parts or reconstruction and that meet the criteria for recognition as a long-term asset are capitalized increasing the book value if the corresponding asset. Also, the remaining useful life of the asset is reassessed at the time of capitalization. At the same time, the undepreciated part of the substituted parts is written off from the book value of the assets and is recognized as current expense for the period.

##### **Depreciation of property, plant, equipment and intangible assets**

The depreciation of properties, plant, equipment and intangible assets is calculated using the straight-line method. The depreciation periods are determined by the management of the Company based on estimated useful life of assets.

No depreciation is recognized on land, fully depreciated assets and assets that are in process of acquisition as well as on assets held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

The following depreciation rates are applied by asset groups:

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	2021	2020
Vehicles	4	4
Computers, peripherals and software	2	2
Office equipment	5 - 6.67	5 – 6.67
Other	6.67	6.67
Intangible assets	6.67	6.67

### **3.2. Impairment of properties, plant, equipment and intangible assets**

At the end of each year a review of the book value is made on all long-term assets that are not reported at fair value in order to determine if there are evidences of impairment. If such evidences exist the Company estimates the recoverable amount of each asset and determines the resulting loss from impairment.

When is impossible to calculate the recoverable value of an asset the Company estimates the recoverable value of the cash generation object of which the asset is part. If the so calculated recoverable value of the asset (that generates cash flows) is lower than its book value, the book value is decreased to the level of recoverable amount of the asset (that generates cash flows). The loss from impairment is recognized in the statement of comprehensive income in the year of occurrence.

In case the loss of impairment is subsequently recovered the book value of the asset (that generates cash flows) is increased up to the revalued recoverable amount but not higher than the value of the asset if no impairment was recognized.

Recovered impairment loss is recognized as a revenue in the statement of comprehensive income in the year when it the recovery was incurred, unless the revaluation of corresponding asset is reported in the revaluation reserve. In this case the revaluation reserve is amended.

### **3.3. Investments in subsidiaries and associated companies**

The long-term investments in shares of daughter and associated companies are presented in the individual financial statements at acquisition cost, which is the fair value of amount paid, including direct costs incurred for the acquisition of the investment, less the accumulated impairment.

The investments in daughter and associated companies are subject to annual assessment for impairment. In case there are evidences for impairment it is recognized in the statements of comprehensive income. In case

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of sale or purchase of investments in daughter or associated companies the effective date of the deal is the date of closing.

The investments are written off when the rights associated with them are transferred to another party when the legal requirements for such transfer are met and the control over the investments is lost. The profit (loss) from the sale of investments is reported as part of financial income or financial expenses in the statement of comprehensive income for the year.

### **3.4. Other long-term capital investments**

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

#### *Initial evaluation*

Initially, equity investments are recognized at acquisition price, which is the fair value of the consideration paid, including direct expenses of the investment acquisition (the financial asset). All purchases and sales of equity investments are recognized on the “settlement date” of the transaction.

#### *Subsequent evaluation*

The capital investments held by the company are subsequently measured at fair value. The effects of the subsequent measurement 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 the other comprehensive income. These effects are transferred to retained earnings on the disposal (sale) of the respective investment.

### **3.5. 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.

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### 3.6. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument in another enterprise. Financial assets and liabilities are recognized in the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument that gave rise to the asset or liability. Financial assets are derecognized from the statement of financial position after the contractual rights to receive cash flows have expired or the assets have been transferred and their transfer meets the derecognition requirements in accordance with IFRS 9 *Financial Instruments*.

Financial liabilities are written off from the statement of financial position when and only when they are repaid - i.e., the obligation specified in the contract has been canceled, annulled or its term has expired.

The activity of the company does not presuppose the existence of various financial instruments. The main financial instruments included in the statement of financial position of the company are presented below.

#### *Trade and other receivables*

Trade receivables are amounts owed by customers for goods and services sold in the ordinary course of business. They are usually due for short-term settlement and are therefore classified as current. Trade receivables are initially recognized in the amount of unconditional remuneration due, unless they contain significant financing components.

The Company holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at depreciated cost using the effective interest method. Discounting is not performed when its effect is insignificant.

As of the date of preparation of the financial statements, the company assesses whether there is objective evidence of impairment of trade receivables that are individually significant. An impairment loss is recognized whenever there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable.

The amount of impairment is the difference between the book value and the recoverable amount. The latter represents the present value of the expected cash flows, discounted with the effective interest rate. The amount of impairment of trade receivables during the current period is reported as an expense. When a

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receivable is expected to be collected within one year, it is reported as a current asset. In other cases, receivables are reported as non-current assets.

Future cash flows designated for a group of financial assets that are collectively measured for impairment are determined based on historical information about financial assets with credit risk characteristics similar to those of the reviewed financial assets group. Assets that are individually impaired are not included in an impairment group.

The Company uses a simplified approach in accounting the impairment of trade and other receivables and recognizes an impairment loss as expected credit losses for the entire term. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument.

Significant financial difficulties of the debtor, probability of bankruptcy and liquidation, financial restructuring or inability to repay the debt (more than 30 days) are considered as indicators that the trade receivable should be impaired.

In estimating expected credit losses on trade receivables, the company uses a provision matrix as well as its past experience with losses on trade receivables to estimate the expected credit losses for the entire term of the financial assets.

The significant part of the contracts with clients and additional cash installments are with daughter companies and because of this the Management assesses the possibility of occurrence of credit losses as minimal. The analysis done by management confirm that assessment and as a result no provisions for eventual credit losses are booked after the introduction of IFRS 9.

***Cash and cash equivalents***

Cash and cash equivalents in BGN are valued at their nominal value, and cash in foreign currency - at the closing exchange rate of the BNB at the end of each reporting period.

Cash for the purposes of compiling the statement of cash flows are monetary funds in cash and in bank accounts.

***Loan liabilities***

Interest-bearing loans are initially recognized at fair value formed from the received cash receipts less the costs to sell. After initial recognition, interest-bearing loans are measured at depreciated value, with any

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difference between the original value and the maturity value being recognized in profit or loss for the period of use of the loan based on the effective interest rate method. Received interest loans, at the occurrence of which no expenses related to the transaction have been incurred, are not amortized. The received bank overdrafts are treated in the same way, where the recipient has the right to repeatedly utilize or repay the loan within the pre-agreed limit.

The financial expenses, including direct borrowing costs, are included in profit or loss using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight-line basis over the period, for which the overdraft is agreed.

Interest-bearing loans are classified as current when they are to be settled within twelve months of the end of the reporting period.

***Payables to suppliers, other current payables and advances received***

Trade and other payables arise as a result of goods or services received. Short-term payables are not depreciated.

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method.

**3.7. Deferred tax assets**

Deferred tax assets are disclosed in the Statement of Financial Position.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable they to be recovered and enough taxable profits to be generated in the future or taxable temporary differences to appear from which these deductible differences to be deducted.

Deferred tax assets are assessed on the basis of the tax rate that is expected to apply for the period during which the assets will be sold and the liabilities will be settled (repaid), based on the tax laws in force as of December 31, 2021.

**3.8. Registered capital**

The fixed capital of the company is presented at its nominal value and corresponds to its updated court registration.

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### 3.9. Reserves

As reserves in the statement of financial position of the company are presented the financial results from previous years, the reserves from premiums, related to the issue of shares, reserves from investments reported at fair value as well as statutory reserves required by the Commercial Lay and the Articles of the Company. The shareholders of the company may dispose of capital reserves after a decision of the General Meeting. The revaluation reserves are considered realized when transferred in the retained earnings after the corresponding assets is no longer in use.

### 3.10. Lease

On the date of entry into force of the contract, the Company assesses whether the contract represents or contains a lease. In particular, whether the contract transfers the right to control the use of the identified asset for a certain period of time.

#### *The company as a lessee*

The Company applies a unified approach to the recognition and assessment of all leases, except for short-term leases (i.e., leases with a lease term of up to 12 months) and leases of low-value assets. The Company recognizes lease liabilities for the payment of lease installments and assets with the right of use, representing the right to use the assets.

#### *Assets with the right of use*

The Company recognizes assets with a right of use from the date of the lease (i.e., the date on which the main asset is available for use). Assets with the right of use are assessed at the acquisition price less the accumulated depreciation and impairment losses and adjusted for any revaluation of lease obligations.

The acquisition price of the assets with the right of use includes the sum of the recognized lease obligations, the initial direct costs incurred and the lease payments made on or before the start date of the lease, an estimate of the costs to be incurred by the lessee in dismantling and relocating the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, reduced by any incentives received under the lease. The assets with the right of use are depreciated on a straight-line basis over the lease term.

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If at the end of the lease term the ownership of the leased asset is transferred to the Company, or the acquisition price reflects the exercise of a purchase option, the depreciation is calculated using the expected useful life of the asset.

**Lease liabilities**

From the starting date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments that will be made during the lease term. Lease payments include fixed installments (including fixed payments on the merits) less any eligible lease incentives, variable lease payments that depend on an index or interest rate, and amounts that are expected to be paid under guarantees for residual value. Lease payments also include the price of exercise of a purchase option about which it is reasonably certain that it will be exercised by Company, as well as penalties for termination of the lease if the lease term reflects the Company's exercise of an option of termination.

Variable lease payments that do not depend on an index or interest rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the intrinsic interest rate on loans at the start date of the lease, as the interest rate set in the lease cannot be reliably determined. After the starting date, the amount of the lease liabilities increases with the interest and decreases with the lease payments made. In addition, the book value of leased liabilities is revalued if there is a modification, change in the lease term, change in lease payments (for example, changes in future payments as a result of a change in the index or interest rate used to determine those lease payments) or a change in the valuation of the option to purchase the main asset.

***Short - term leases and leases of low-value assets***

The Company applies the exemption from recognition of short-term leases in respect of its short-term leases of buildings (for example, leases with a lease term of 12 months or less from the starting date and which do not contain a purchase option). The Company also applies the exemption from recognizing leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are stated as an expense on a straight-line basis over the term of the lease.

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### **3.11. 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 Company 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 Company estimates that the amount is not significant and therefore it is not included in the financial report.

### **3.12. Recognition of revenue and expenses**

#### **Revenue from services and other revenue**

Revenue from sales and operating costs are accrued at the time of their occurrence, regardless of the timing of monetary receipts and payments. The reporting and recognition of income and expenses are applied in compliance with the requirements for casual connection between them.

Revenue is measured at the fair value of the consideration received or receivable, less the amount of any discounts granted.

The Company recognizes revenues when the amount of the revenue can be measured reliably, when it is possible for the company to obtain future economic benefits and when it meets specific criteria for each activity of the company specified here below.

The amounts collected on behalf of third parties, such as sales taxes, as value added tax is, are excluded from revenue.

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***Revenue form services***

Revenues from services (administrative or other) are recognized on a monthly basis in the month when the services were performed.

***Revenue form participations (Dividends)***

Dividend income is recognized in the period when the Company become aware of the right the receive dividend. The dividend income I s recognized as other revenue in the statement of comprehensive income.

The revenue from *donations*, representing compensation for expenses made, are recognized in the current period profit and losses in the period when the expenses were recognized.

The revenue from *donations*, representing compensation for investment expenses for acquiring assets, are recognizes in the current profit and loss for the whole period of useful life of the assets, which usually is equal to the amortization period of each asset.

The *profit (loss) from sales of plant, machinery, equipment and intangible assets* is recognized as other revenue (expenses).

When assets are *exchanged* the Company recognizes revenue (expenses) from the transaction at the amount equal to the difference between the fair value of the assets received and book value of asset exchanged.

When economic benefits are expected to be spread over several financial periods and their relation to the revenues could be determined only in general or indirectly, the expenses are recognizing in the profit and loss on the basis of procedures for systematic and rational distribution.

**Financial income and expenses**

The expenses related to a loan, which can be linked to an asset for which the process of acquisition, construction or production, before it is ready for the intended use, takes a significant amount of time, should be capitalized as part of this asset.

All other financial income and expenses are reported in the profit or loss for all instruments held at amortization value though use of the effective interest rate method.

The effective interest rate method is a method of calculating of the amortized value of a financial assets or liability in order to distribute the interest income or expenses over the respective period of time. The effective interest rate is the rate that is used for discounting the expected future cash income or expense

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throughout the expected useful life of the financial instrument, or in certain cases for a shorter period of time, to the net book value of the financial assets or liability. When calculating the effective interest rate, the Company assess the cash flows by considering all contractual terms of the financial instrument but without including any potential future losses or impairments. The calculation includes taxes, transaction costs, premiums or discounts paid or received by the contractual parties, which are inseparable part of the effective interest rate.

### **Expenses**

The expenses in the Company are recognized at the moment of their occurrence and on the basis of the principles of accrual and comparability. 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 performed when their corresponding income is accrued. An expense is recognized immediately in the income statement when the expense does not create a future economic benefit or when and to the extent that the future economic benefit does not meet the requirements or ceases to meet the requirements for recognition of an asset in the balance sheet. Expenses are reported on the principle of current accrual and comparability with the reported revenues. They are measured at the fair value of the remuneration paid or payable.

### **3.13. Income tax expenses**

Income tax expense represents the sum of the current income taxes and the tax effect on temporary tax differences. Current income tax is determined on the basis of the taxable profit for the period, applying the tax rate according to the tax legislation as of the date of the financial statements. 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.

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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.

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 profit or loss and other 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.

According to the Bulgarian tax legislation, the company owes corporate tax, which is set at 10% of the tax profit for 2020 and 2021.

**3.14. Judgments that are crucial in applying the accounting policy of the Company. Key high uncertainty estimates and assumptions.**

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

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

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

**3.14.1. Impairment of investments in subsidiaries**

The Management analyzes and evaluates the existence of indicators for impairment of its investments in subsidiaries. The main indicators of impairment are: significant reduction of the volume or cessation of the activity of the Company in which the investment is made; reporting losses for a longer period of time, as well as reporting negative net assets or assets below the registered share capital.

Management's tests and judgments for impairment of investments are made through the prism of its plans

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and intentions regarding the future economic benefits that are expected to be received by the subsidiaries, incl. trade and production experience, securing positions in foreign markets, expectations for future sales, etc.

For this purpose, variants of forecasts are developed, which take into account the various assumptions about risks, uncertainties and probabilities for the future realization of cash flows and income from these investments. Each of the options is carefully analyzed by the management and the results are weighed when calculating the recoverable amount of the respective investment.

**3.14.2. Employees income on retirement**

The liability for employee's income on retirement is determined by actuarial valuation. This assessment requires assumptions to be made about the discount rate, future wage growth, staff turnover and mortality rates. Due to the long-term nature of employee's income on retirement, these assumptions are subject to significant uncertainty.

As of the end of reporting period no such assessment is made because most of the employees of the Company are far from retirement age.

**3.14.3. Useful life of property, plant and equipment and intangible assets**

The financial reporting of property, plant and equipment and intangible assets includes the use of estimates of their expected useful lives and carrying amounts, which are based on judgments by the management of the Company.

**3.14.4. Impairment of receivables**

The Management estimates the amount and period of expected future cash flows related to receivables based on experience and considering current circumstances. Due to the inherent uncertainty of this estimate, actual results may differ from those expected. The management of the Company reviews the estimates from previous years and compares them with the actual results.

**3.14.5. Lease**

*Determining the term of the lease for contracts with options for renewal and termination - the Company as a lessee*

The Company defines the lease term as the irrevocable lease term, together with any periods covered by the option to extend it, if it is reasonably certain that the option will be exercised, or any periods covered

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by the option of termination of the lease if it is reasonably certain that the option will not be exercised.

### 3.15. Determination of fair values

Some of the Company's accounting policies and disclosures require a fair value measurement of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the company uses observable data as far as possible.

Fair values are categorized at different levels in the fair value hierarchy based on the inputs to the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that, directly (i.e., as prices) or indirectly (i.e., derived from prices), are available for monitoring for the asset or liability.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input data).

If the inputs used to measure the fair value of an asset or liability can be categorized at different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at that level of the fair value hierarchy whose input information is relevant to the overall assessment.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

More information on the assumptions made in measuring fair values is included in the relevant notes.

### 3.16. Income per share

Basic incomes per share are calculated by dividing the net profit or loss for the period to be distributed among the shareholders holding ordinary shares by the weighted average number of ordinary shares held for the period.

The weighted average number of shares represents the number of ordinary shares held at the beginning of the period, adjusted by the number of repurchased ordinary shares and the number of newly issued shares during the period multiplied by the average time factor. This factor expresses the number of days during which the specific shares were held, compared to the total number of days during the period.

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The Company has increased its capital to 17 999 999 shares during 2020. The decision for the capital increase is announced on 13.11.2020 by the Trade Registrar, which makes the weighted-average number of shares for 2020: 15 361 664 shares

Incomes on impaired shares are not calculated as no impaired shares have been issued.

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**NOTES TO THE FINANCIAL STATEMENTS**

**4. Notes to the Statement of financial position**

**4.01. Property, plant and equipment**

	Vehicles	Computer equipment	Office equipment	Others	Total
<b>January 01, 2020</b>					
Acquisition value	6	5	1	57	69
Depreciation	(1)	(5)	-	(57)	(63)
Book value	5	-	1	-	6
Depreciation for the period	(1)	-	(1)	-	(2)
<b>December 31, 2020</b>					
Acquisition value	6	5	1	57	69
Depreciation	(2)	(5)	(1)	(57)	(65)
Book value	4	-	-	-	4
<b>January 01, 2021</b>					
Acquisition value	6	5	1	57	69
Depreciation	(2)	(5)	(1)	(57)	(65)
Book value					
Written of during the period	(6)	-	-	-	(6)
Depreciation for the period	(1)	-	-	-	(1)
Changes in depreciation	(3)	-	-	-	(3)
<b>December 31, 2021</b>					
Acquisition value	-	5	1	57	63
Depreciation	-	(5)	(1)	(57)	(63)
Book value	-	-	-	-	-

**4.02. Intangible assets**

	Intellectual property rights
<b>January 01, 2020</b>	
Acquisition value	4
Depreciation	(2)
Book value	2
Depreciation for the period	-
<b>December 31, 2020</b>	
Acquisition value	4
Depreciation	(2)
Book value	2
<b>January 01, 2021</b>	
Acquisition value	4
Depreciation	(2)
Book value	2

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<b>Acquisitions during the period</b>	<b>5</b>
<b>Depreciation for the period</b>	<b>(2)</b>
<b>December 31, 2021</b>	
<b>Acquisition value</b>	<b>9</b>
<b>Depreciation</b>	<b>(4)</b>
<b>Book value</b>	<b>5</b>

#### 4.03. Investment in subsidiaries

The investments in subsidiaries for 2020 and 2021 were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>In the beginning of the period</b>		
<b>Book value</b>	<b>6 958</b>	<b>5 199</b>
<b>Acquisitions</b>	<b>978</b>	<b>1 759</b>
Acquisitions	978	-
Capital increase	-	1 759
<b>At the end of the period</b>		
<b>Book value</b>	<b>7 936</b>	<b>6 958</b>

	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	Percent of participation	Value of participation	Percent of participation	Value of participation
<b>In the beginning of the period</b>		<b>6 958</b>		<b>5 199</b>
<b>In Bulgaria</b>		<b>6 906</b>		<b>5 147</b>
<i>ALLTERCO TRADING OOD (Ltd.)</i>	100%	1	67%	1
<i>ALLTERCO ROBOTICS EOOD (Solely-owned LLC)</i>	100%	1 500	100%	1 500
<i>ALLTERCO PROPERTIES EOOD (Solely-owned LLC)</i>	100%	5 405	100%	3 646
<b>Abroad</b>		<b>52</b>		<b>52</b>
<i>GLOBAL TERACOMM INC, USA</i>	100%	52	100%	52
<b>Acquisitions (reported value)</b>		<b>978</b>		<b>1 759</b>
Acquisition				
<i>ALLTERCO EUROPE GMBH</i>	100%	978	-	-
Increase of the capital		-		1 759
<i>ALLTERCO PROPERTIES EOOD (Solely-owned LLC)</i>	-	-	-	1 759
<b>At the end of the period</b>		<b>7 936</b>		<b>6 958</b>
<b>In Bulgaria</b>		<b>6 906</b>		<b>6 906</b>
<i>ALLTERCO TRADING OOD (Ltd.)</i>	100%	1	100%	1
<i>ALLTERCO ROBOTICS EOOD (Solely-owned LLC)</i>	100%	1 500	100%	1 500
<i>ALLTERCO PROPERTIES EOOD (Solely-owned LLC)</i>	100%	5 405	100%	5 405
<b>Abroad</b>		<b>1 030</b>		<b>52</b>

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<i>ALLTERCO EUROPE GMBH</i>	<i>100%</i>	<i>978</i>	<i>-</i>	<i>-</i>
<i>GLOBAL TERACOMM INC, CAII</i>	<i>100%</i>	<i>52</i>	<i>100%</i>	<i>52</i>
<b>INVESTMENTS IN SUBSIDIARIES</b>		<b>7 936</b>		<b>6 958</b>

#### 4.04. Investments in associated companies

During 2021 Allterco JSCo has participated in the establishment of a new company in China named Allterco Asia Ltd. with a seat at 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%.

#### 4.05. Other long-term capital investments

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Ordinary registered shares - Link Mobility Group Holding ASA, in the beginning of the period	<b>6 566</b>	<b>3 053</b>
<i>Increase</i>		
Reserves from subsequent valuation of financial instruments	-	4 849
<i>Decrease</i>		
Expenses on operations with financial assets and instruments	(369)	(1 336)
Effect from subsequent revaluation of financial assets	(3 573)	
Ordinary registered shares - Link Mobility Group Holding ASA, at the end of the period	<b>2 624</b>	<b>6 566</b>

#### 4.06. Deferred tax assets

Deferred taxes arise as a result of temporary differences and can be presented as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Tax effect from accruals for unused leave	2	1
Tax effect form impairment of investments and receivables	16	438
<b>Total:</b>	<b>18</b>	<b>439</b>

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**4.07. Receivables from related companies**

Receivables from related persons are presented as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
ALLTERCO PTE.LTD, Singapore	-	38
ALLTERCO SDN, Malaysia	-	24
GLOBAL TERACOMM Inc., USA	-	19
ALLTERCO CO, Thailand	-	25
Allterco Properties EOOD (Solely-owned LLC), deposit	5	5
<b>Allterco Robotics EOOD (Solely-owned LLC), including</b>	<b>-</b>	<b>500</b>
- Dividends	-	500
<b>Allterco Trading OOD (Ltd.), including</b>	<b>1 764</b>	<b>1 760</b>
- Funds provided for additional installments under Art. 134 of the CA and interest estimates	1 764	1 760
<b>Receivables from related companies - current part</b>	<b>1 769</b>	<b>2 371</b>
<b>Receivables from related companies - non-current part</b>	<b>-</b>	<b>-</b>
<b>Total:</b>	<b>1 769</b>	<b>2 371</b>

The receivables form related parties are in the following currencies:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<i>By types of currency</i>		
in BGN	5	505
in EUR	1 764	1 866
<b>Total:</b>	<b>1 769</b>	<b>2 371</b>

The trade receivables of the company from related parties arise from the provision of services. The company usually agrees with its subsidiaries on a 60 days payment period for services provided. The Management assesses the collectability by analyzing the counterparty's exposure, repayment options and decides whether to accrue impairment and to collect them in court.

Pursuant to Article 134 of the provisions of the Commercial Act, clauses of the Articles of Association and the articles of association in subsidiaries, as of December 21, 2021 Allterco JSCo has a receivable from a subsidiary in relation with an additional cash contribution made in the amount of BGN 1 764 thousand. The additional cash contribution provided is intended to help the development of the subsidiary. The additional cash contribution is extended at 1% annual interest rate and a term of 1 year, due to which it is treated as current receivable.

At the end of September 2021 Allterco sold its participations in the 3 Asian subsidiaries. Following the completion of the transaction receivables from those subsidiaries at the total amount of 87 thousand

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BGN were written off.

**4.08. Trade receivables**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Receivables from clients, including		
-to 1 year	3 325	3 055
-over 1 year	2 054	-
Advances to suppliers	<b>3 325</b>	-
<b>Total trade receivables – current portion</b>	<b>2 054</b>	<b>3 055</b>
<b>Total trade receivables – noncurrent portion</b>	<b>3 325</b>	-
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<i>By currency</i>		
In BGN	423	-
In EUR	4 956	3055
<b>Total:</b>	<b>5 379</b>	<b>3 055</b>

**4.09. Other receivables**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Corporate tax	-	279
VAT to be recovered	35	13
Receivables in litigation	-	55
Other	3	-
<b>Total:</b>	<b>38</b>	<b>347</b>

**4.10. Cash and cash equivalents**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>CASH, including</b>	<b>6</b>	<b>6</b>
Cash in BGN	1	2
Cash in foreign currency	5	4
<b>CASH IN CURRENT BANK ACCOUNTS, including</b>	<b>16 428</b>	<b>14 606</b>
Current bank account in BGN	11 228	12 977
Current bank account in foreign currency	5 200	1 629
<b>Total:</b>	<b>16 434</b>	<b>14 612</b>

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<i>By currency</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
in BGN	11 229	12 979
in USD	3 055	-
in EUR	2 150	1 633
<b>Total:</b>	<b>16 434</b>	<b>14 612</b>

The company's cash is in bank accounts with banks with a stable long-term rating. The Management has assessed the expected credit losses on Cash and cash equivalents.

The estimated value is insignificant compared to the gross value of the cash deposited with financial institutions, therefore it not accrued in the financial statements of the company as of September 30, 2021.

#### **4.11. Prepaid expenses**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Information Services	25	1

#### **4.12. Non-current assets classified as held for sale and assets included in disposal groups classified as held for sale**

In 2020 and previous periods the management of the company has decided to sell certain investments in subsidiaries, with a total book value as of December 31, 2020 at the amount of BGN 3 906 thousand, assuming that their value will be reimbursed through a sale transaction rather than through continued use. In accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale*, these assets are presented in the individual financial statements as subject to direct sale as of December 31, 2020.

In 2021, the Company has finalized a deal with Skylight Venture Capitals Pte Ltd., Singapore for the sale of its 3 Asian subsidiaries at the following terms:

- Purchase price: 2 100 000 euro;
- Payment terms: i. 50 % - after signing the contracts and the Buyer provides a letter that the Seller has fulfilled certain obligations; ii. 25 % - within 18 months since the date of signing the contract; iii. 25 % - within 36 months since the date of signing the contract

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- 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

The book value of assets held for sale as of the end of reporting periods were as follows:

<b>Assets</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
ALLTERCO PTE, Singapore	-	3 620
ALLTERCO SDN Malaysia	-	260
ALLTERCO CO. LTD Thailand	-	26
<b>Total:</b>	<b>-</b>	<b>3 906</b>

#### 4.13. Bank loans

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Raiffeisen bank (Bulgaria) EAD, including.:		
– <i>to one year</i>	285	276
– <i>over one year</i>	1 615	1 900
<b>Total bank loans – non-current part:</b>	<b>1 615</b>	<b>1 900</b>
<b>Total bank loans – current part</b>	<b>285</b>	<b>276</b>

The depreciable part of the bank loan is obtained under the following conditions:

<b>Bank</b>	<b>Raiffeisen bank EAD</b>
Date of the contract:	August 25, 2017
Contracted credit amount:	1 620 000
Original currency	EUR
Purpose	Financing of up to 90% (VAT exclusive) of the final price of all company shares, representing 100% of the capital of the Solidary Debtor Allterco Properties EOOD, defined in an Agreement concluded between the Borrower and JFC Developments OOD for transfer of the company shares in a Final Agreement
Repayment deadline	May 10, 2029
Collateral:	Mortgage of real estate, owned by Allterco Properties EOOD, solidary debtor - Allterco Properties EOOD, pledge of receivables from all bank accounts of Allterco JSCo with the bank

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**4.14. Trade liabilities**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Suppliers	147	10
<i>By currency</i>		
in BGN	47	10
in USD	-	-
in EUR	100	-
<b>Total:</b>	<b>147</b>	<b>10</b>

**4.15. Payables to employees and social security liabilities**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Liabilities for non-used leaves	15	13
Social security and health contributions	5	6
Social security contributions on non-used leaves	2	2
<b>Total:</b>	<b>22</b>	<b>21</b>

**4.16. Tax liabilities**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Personal income tax	3	3
Other taxes - entertainment expenses and tax under Art. 204	1	2
<b>Total:</b>	<b>4</b>	<b>5</b>

**4.17. Other liabilities**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Liabilities for participations, including		
- to one year	665	675
- over one year	-	-
<b>Total – non-current part:</b>	<b>-</b>	<b>-</b>
<b>Total – current part:</b>	<b>665</b>	<b>675</b>

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#### 4.18. Registered capital

Allterco JSCo was registered in 2010. The registered capital of the Company as of September 30, 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 par 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 by Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov.

In 2010 a second non-monetary contribution was made in the amount of BGN 5,438,000 by Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov. The subject of the non-monetary contribution was 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, approved by the Financial Supervision Commission with Decision № 487 – E of 08.07.2016 entered in the Commercial Register under No.20161108100414 of 08.11.2016.

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.

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

Name/business name	Number of shares:	% in the capital
Svetlin Todorov	5 847 120	32.48%
Dimitar Todorov	5 847 120	32.48%
Persons possessing 5% of the capital		
Other physical persons and legal entities	6 305 759	35.04%
<b>Total</b>	<b>17 999 999</b>	<b>100.00%</b>

#### 4.19. Retained earnings

	December 31, 2021	December 31, 2020
<b>1. Initial balance</b>	<b>5 322</b>	<b>3 442</b>
Financial result before taxation	3 718	2 284
Tax Savings (Expense)	(421)	46
<b>3. Profit for the reporting period</b>	<b>3 297</b>	<b>2 330</b>
<b>4. Reclassified other comprehensive income</b>	<b>240</b>	<b>-</b>
<b>5. Distribution of dividends</b>	<b>(3 600)</b>	<b>(450)</b>
<b>6. Retained earnings</b>	<b>5 259</b>	<b>5 322</b>

#### 4.20. Reserves

	December 31, 2021	December 31, 2020
Initial balance of general reserves - Reserve Fund	1 500	1500
Reserve from issue of shares	300	-
<b>Total:</b>	<b>1 800</b>	<b>1 500</b>

#### 4.21. Share premium reserve

As of December 31, 2021 the reserves from issue of shares of the company amounts to BGN 5 403 thousand.

It is formed as a difference between the issue price and the nominal value of shares issued in 2020 at the amount of BGN 6 000 thousand reduced by the issue costs which amounted to BGN 297 thousand and by BGN 300 thousand that were transferred to Reserves by a decision of General meeting of shareholders held on June 28, 2021.

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**4.22. Other comprehensive income**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Opening balance</b>	<b>4 849</b>	-
Reserves transferred to retained earnings	(240)	-
Reserve related to long term financial assets reported at fair value	(3 573)	4849
<b>Closing balance</b>	<b>1 036</b>	<b>4 849</b>

The reserves related to long term financial assets were decreased with BGN 1 654 thousand representing the effect of revaluation at fair value of the long-term financial assets and with BGN 240 thousand due to transfer of reserves to retained earnings after part of the financial assets were sold during the period.

**5. Notes to the Statement of comprehensive income**

**5.01. Other operating income**

	<b>2021</b>	<b>2020</b>
Rents	-	3
Interest	26	35
Dividend from daughter companies	5 000	-
Foreign exchange rate gains	67	136
Other	22	12
<b>Total:</b>	<b>5 115</b>	<b>186</b>

**5.02. Administrative expenses**

	<b>2021</b>	<b>2020</b>
<b>Expenses for materials</b>	<b>2</b>	<b>1</b>
<b>Expenses for external services, incl.</b>	<b>826</b>	<b>319</b>
Membership fee, Communications Regulation Commission, Competition Protection Commission, Consumer Protection Commission, Financial Control Commission, etc.	91	9
Communication expenses	-	1
Civil contracts	33	23
Internet infrastructure maintenance	30	-
Advisory, legal, accounting and auditing services	642	257
Vehicle maintenance	6	-
Vehicle rent	12	12
Advertising	8	-
Other	4	17

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<b>Depreciation expenses</b>	<b>3</b>	<b>2</b>
<b>Salary expenses</b>	<b>389</b>	<b>338</b>
<b>Social security expenses</b>	<b>40</b>	<b>40</b>
<b>Other expenses, incl.</b>	<b>252</b>	<b>525</b>
Written off receivables	87	14
Impairments	153	480
Representative expenses	-	8
Other	12	23
<b>Total:</b>	<b>1 512</b>	<b>1 225</b>

As of December 31, 2021 the Company has written off receivables from its former Asian subsidiaries at the total amount of BGN 87 thousand. Also, the company has made a 5% (BGN 153 thousand) impairment of a receivable related to the sales of its European telco business, which payment deadline has expired in August 2021 and as of the date of the report it is still unpaid. The management of the Company initiated legal actions in accordance with the provisions of the share purchase agreements, which is initiation of an arbitration proceeding in Vienna International Arbitrage.

### 5.03. Other expenses

	<b>2021</b>	<b>2020</b>
Bank fees	25	13

### 5.04. Financial income

	<b>2021</b>	<b>2020</b>
Income from sale of financial assets, including:		
<i>Sales price</i>	4 526	4 949
<i>Book value of assets soled</i>	(4 276)	(1 336)
<i>Expenses related to the sale of financial assets</i>	-	(167)
<b>Total:</b>	<b>250</b>	<b>3 446</b>

During 2021 the Company sold its participations in 3 daughter companies (see 4.12 above) as well as part of its long-term financial investments. The result of both transactions was profit at the amount of 250 thousand BGN.

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**5.05. Financial expenses**

	<b>2021</b>	<b>2020</b>
Interest expense on bank loans	61	79
Bank financial services	45	20
FX related expenses	2	4
<b>Total Financial expenses</b>	<b>108</b>	<b>103</b>

**6. Transactions with related parties**

During the year the company has carried out transactions with the following related companies:

<b>Company</b>	<b>Relationship</b>
Allterco Trading OOD	Subsidiary
Allterco Properties EOOD	Subsidiary

During the period the Company has carried out transactions with related companies, the data for which are presented below:

	<b>2021</b>	<b>2020</b>
<b>Deliveries form related entities, including:</b>		
Delivery of services from:		
· Allterco Properties EOOD	17	18
<b>Total:</b>	<b>17</b>	<b>18</b>
	<b>2021</b>	<b>2020</b>
Interest revenue, including:		
Interest from received additional cash contribution from Allterco Properties EOOD	-	17
Interest from received additional cash contribution from Allterco Trading EOOD	18	18
<b>Total:</b>	<b>18</b>	<b>35</b>

The outstanding amount related to the additional cash contributions extended by the Company are disclosed in note 4.07, and the remuneration paid to the members of the Board of Directors is disclosed in note 8.

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### 7. Contingent liabilities and commitments

The contingent liabilities and commitments for the reporting period include:

Contract	Annex	Creditor	Debtor	Solidary debtor / Guarantor	Amount / Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Investment credit 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 of the company in 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, increased by 2.5 percentage points, but not less than 2.5%; management commission; commitment commission; commission for issuing guarantees;	September 29, 2022	Pledge of receivables on accounts;

In relation with the finalized in 2019 deal with Link Mobility Group AS for sale of 5 subsidiaries, in July 2020 the Buyer made a claim to the Company. Currently the claim is not raised in accordance with the provisions of the contract neither is brought to arbitration or court proceeding. Therefore, no provision expense is recognized in the financial statements.

### 8. Key management staff

The members of the Board of Directors as of December 31, 2021 are as follows:

1. Dimitar Stoyanov Dimitrov

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2. Svetlin Iliev Todorov
3. Nikolay Angelov Martinov

Executive director of the Company is Dimitar Stoyanov Dimitrov.

The members of the Board of Directors have received remuneration that was within the limits set by the Remuneration policy that was approved by the General meeting of shareholders. The total amount of remuneration paid to the members of Board of Directors for the nine months of 2021 was BGN 130 thousand.

### 9. Financial instruments by categories

Structure of the financial assets and liabilities by categories:

December 31, 2021					December 31, 2020					
	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	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	Total
<i>Financial assets according to the Statement of financial position</i>										
Cash and equivalents	16 434	-	-	-	16 434	14 612	-	-	-	14 612
Long term trade receivables	-	2 054	-	-	2 054	-	-	-	-	-
Other receivables	-	-	-	-	0	-	55	-	-	55
Other long - term capital investments	-	-	2 624	-	2 624	-	-	6 566	-	6 566
Non-current assets held for sale	-	-	-	-	0	-	-	-	3 906	3 906
Receivables from related companies	-	1 769	-	-	1 769	-	2 371	-	-	2 371
Trade receivables	-	3 325	-	-	3 325	-	3 055	-	-	3 055
<b>TOTAL FINANCIAL ASSETS</b>	<b>16 434</b>	<b>7 148</b>	<b>2 624</b>	<b>-</b>	<b>26 206</b>	<b>14 612</b>	<b>5 481</b>	<b>6 566</b>	<b>3 906</b>	<b>30 565</b>

December 31, 2021					December 31, 2020				
	Financial liabilities reported at depreciated value	Financial liabilities reported at a specific value (aggregate category)	Financial assets reported at fair value through profit or loss	Total	Financial liabilities reported at depreciated value	Financial liabilities reported at a specific value (aggregate category)	Financial assets reported at fair value through profit or loss	Total	

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<i>Financial liabilities according to the Statement of financial position</i>								
Bank loans	1 900	-	-	<b>1 900</b>	2 176	-	-	<b>2 176</b>
Trade liabilities	147	-	-	<b>147</b>	10	-	-	<b>10</b>
Other liabilities	665	-	-	<b>665</b>	675	-	-	<b>675</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2 712</b>	-	-	<b>2 712</b>	<b>2 861</b>	-	-	<b>2 861</b>

The fair value of the loans is determined based on the interest rate that the Company expects to receive at the reporting date. The management of the Company considers that these interest rates do not differ significantly from those in force at the time of concluding the loan agreements.

The company has no practice of working with derivative instruments.

#### **10. Financial risk management**

The Company's activities are exposed to a number of risks related to objective conditions such as market unpredictability, general economic trends, changes in exchange rates.

To minimize the potential negative effects, the Company has adopted policies for overall risk management and assessment and establishing procedures for addressing the identified risks. The overall risk management is focused on forecasting the results of certain areas of the markets where the Company operates in order to minimize the potential negative effects that could affect the financial results. Financial risks are currently identified, measured and monitored using various control mechanisms to adequately assess market conditions and their effects on Company's and to maintaining enough liquid funds and to avoid unjustified concentration of any specific risk.

Risk management is carried out on an ongoing basis under the direct supervision of the Executive Director and the Company's financial experts in accordance with the policy set by the Board of Directors.

The risk management strategy is regularly reviewed in order to update the policies to the dynamics in the market and economic conditions. The company aims to develop discipline and a constructive control environment in which all employees understand their responsibilities through periodic training and application of established standards.

The following describes the different types of risks to which the company is exposed in carrying out its business operations, as well as the approach taken in managing these risks.

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**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices.

**a. Currency risk**

The company carries out its transactions mainly on the domestic market and in the European Union. It is not exposed to significant currency risk because almost all its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev by law. During the last financial year, the Company transferred part of its cash in USD in order to optimize bank fees.

The company makes its main deliveries in BGN.

The tables below summarize the exchange rate exposure:

<b>December 31, 2021</b>	<b>in EUR</b>	<b>in USD</b>	<b>In other foreign currency</b>	<b>In Bulgarian levs</b>	<b>total</b>
Cash and cash equivalents	2 150	3 055	-	11 229	16 434
Long term trade receivables	2 054	-	-	-	2 054
Receivables from related companies	1 764	-	-	5	1 769
Trade receivables	2 902	-	419	4	3 325
<b>TOTAL ASSETS</b>	<b>8 870</b>	<b>3 055</b>	<b>419</b>	<b>11 238</b>	<b>23 582</b>
Bank loans	1 900	-	-	-	1 900
Trade liabilities	100	-	-	40	140
Other liabilities	-	-	-	665	665
<b>TOTAL LIABILITIES</b>	<b>2 000</b>	<b>0</b>	<b>0</b>	<b>705</b>	<b>2 705</b>

<b>December 31, 2020</b>	<b>in EUR</b>	<b>in USD</b>	<b>In other foreign currency</b>	<b>In Bulgarian levs</b>	<b>total</b>
Cash and cash equivalents	1 633	-	-	12 979	14 612
Other receivables	-	-	-	55	55
Receivables from related companies	106	-	-	2 265	2 371
Trade receivables	3 055	-	-	-	3 055
<b>TOTAL ASSETS</b>	<b>4 794</b>	<b>-</b>	<b>-</b>	<b>15 299</b>	<b>20 093</b>

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Bank loans	2 176	-	-	-	2 176
Trade liabilities	-	-	-	10	10
Other liabilities	-	-	-	675	675
<b>TOTAL LIABILITIES</b>	<b>2 176</b>	<b>-</b>	<b>-</b>	<b>685</b>	<b>2 861</b>

***Currency sensitivity analysis***

The Company is not exposed to currency risk with respect to its euro exposures.

**b. Price risk**

The Company owns shares that are subject to trading on a regulated market, and during 2020 and the nine months of 2021 the Company sold part of its shares and made a profit from the transactions. For the remainder of the shares, the Company is exposed to risks of negative changes in the stock markets.

**c. Risk of the interest-bearing cash flows**

The company does not have a significant concentration of interest-bearing assets, except for free cash on current accounts with banks, so revenues and inflows of operating cash flows are not largely dependent on changes in market interest rates.

At the same time, the outgoing cash flows of Allterco JSCo for the nine months of 2021 are not exposed to interest rate risk from using a bank loan in EUR, agreed with a fixed interest rate.

Cash on current accounts with banks bear interest at interest rates according to the tariffs of the respective banks.

The management of the Company currently monitors and analyzes its exposure to changes in market interest rates. Different refinancing scenarios, renewal of existing interest-bearing positions and alternative financing are simulated. Calculations are made for significant interest-bearing positions.

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	Interest-free	With floating interest %	With fixed interest %	total
<b>December 31, 2021</b>	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	16 434	-	-	16 434
Long term trade receivables	2 054	-	-	2 054
Receivables from related companies	9	-	1 760	1 769
Trade receivables	3 325	-	-	3 325
<b>TOTAL ASSETS</b>	<b>21 822</b>	<b>-</b>	<b>1 760</b>	<b>23 582</b>
Bank loans	-	-	1 900	1 900
Trade liabilities	140	-	-	140
Other liabilities	665	-	-	665
<b>TOTAL LIABILITIES</b>	<b>805</b>	<b>-</b>	<b>1 900</b>	<b>2 705</b>
	Interest-free	With floating interest %	With fixed interest %	total
<b>December 31, 2020</b>	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	14 612	-	-	14 612
Other receivables	55	-	-	55
Receivables from related companies	611	-	1 760	2 371
Trade receivables	3 055	-	-	3 055
<b>TOTAL ASSETS</b>	<b>18 333</b>	<b>-</b>	<b>1 760</b>	<b>20 093</b>
Bank loans	-	-	2 176	2 176
Trade liabilities	10	-	-	10
Other liabilities	675	-	-	675
<b>TOTAL LIABILITIES</b>	<b>685</b>	<b>-</b>	<b>2 176</b>	<b>2 861</b>

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligation and thereby cause a loss to the other party. The financial assets that potentially expose the company to credit risk are mainly receivables from services provided and sales of investments. The company is exposed to credit risk

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in the event that customers fail to meet their obligations.

The financial assets of the company are concentrated in three groups: monetary funds (cash and bank accounts), receivables from clients and additional cash contributions provided to a subsidiary.

About 25% of receivables arise from related party deals and transactions (subsidiaries and other related companies controlled by the company), and therefore the management believes that the credit risk associated with these receivables is not high. Nearly 70% of receivables are related to the sale of subsidiaries.

The collection and concentration of receivables is monitored on an ongoing basis, according to the established policy of the company. For this purpose, the open positions by clients, as well as the received receipts, are periodically reviewed by the financial and accounting department and the management, and an analysis of the unpaid amounts is performed.

The Management follows an internal policy for assessing credit losses.

For receivables from related parties and trade receivables the simplified method is applied, as the percentages are determined on the basis of past experience.

As of December 31, 2020 the Company has written off receivables at the amount of BGN 14 thousand. As of September 30, 2021 receivables at the amount of BGN 87 thousand were written off and receivables at the amount of BGN 153 thousand were recognized as impairment.

**Liquidity risk**

The liquidity risk is expressed in the negative situation that the Company will not be able to meet unconditionally all its obligations, according to their maturity.

It pursues a conservative liquidity management policy, through which it constantly maintains an optimal liquidity reserve of monetary funds and a good ability to finance its business activities.

In order to control the risk, the company monitors the timely payment of the 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. Currently, the maturity and timely execution of payments is monitored by the finance and accounting department, maintaining daily information on available monetary funds and upcoming payments.

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December 31, 2021	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
	BGN'00 0	BGN'00 0	BGN'000	BGN'000	BGN'00 0	BGN'00 0	BGN'00 0	BGN'000	BGN'000
Cash and cash equivalents	-	-	-	-	-	-	-	16 434	16 434
Long term-receivables	-	-	-	-	1 027	1 027	-	-	2 054
Receivables form related companies	-	9	-	1 760	-	-	-	-	1 769
Trade receivables	4	419	-	2 902	-	-	-	-	3 325
<b>TOTAL ASSETS</b>	<b>4</b>	<b>428</b>	<b>-</b>	<b>4 662</b>	<b>1 027</b>	<b>1 027</b>	<b>-</b>	<b>16 434</b>	<b>23 582</b>
Bank loans	23	47	71	143	298	936	382	-	1 900
Trade liabilities	48	17	25	50	-	-	-	-	140
Other liabilities	10	20	30	605	-	-	-	-	665
<b>TOTAL LIABILITIES</b>	<b>81</b>	<b>84</b>	<b>126</b>	<b>798</b>	<b>298</b>	<b>936</b>	<b>382</b>	<b>-</b>	<b>2 705</b>

December 31, 2020	to 1 m.	1-3 m.	3-6 m.	6- 12 m. B G N' 00 00 0	1-2 y.	2-5 y.	over 5 y.	without maturity	total
	BGN'000	BGN'000	BGN'00 0	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	-	-	-	-	-	14 612	14 612
Other receivables	-	-	-	-	-	-	-	55	55
Receivables form related companies	-	-	-	2 37 1 3 5	-	-	-	-	2 371
Trade receivables	-	-	-	5	-	-	-	-	3 055
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 42 6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 667</b>	<b>20 093</b>
Bank Loans	23	45	45	16 3	276	828	796	-	2 176
Trade liabilities	10	-	-	-	-	-	-	-	10
Other liabilities	-	-	-	67 5	-	-	-	-	675
<b>TOTAL LIABILITIES</b>	<b>33</b>	<b>45</b>	<b>45</b>	<b>83 8</b>	<b>276</b>	<b>828</b>	<b>796</b>	<b>-</b>	<b>2 861</b>

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**Capital risk management**

With the capital management the Company aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return on investment of shareholders, and to maintain optimal capital structure, to reduce capital expenses.

The company currently monitors the security and capital structure based on the debt ratio. This ratio is calculated between the net debt capital and the total amount of capital. Net debt capital is defined as the difference between all borrowings (current and non-current) as stated in the statement of financial position and the cash and cash equivalents. The total amount of capital is equal to the equity and net debt capital.

The table below presents the debt ratios based on the capital structure as of December 31:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total debt capital, including:	2 738	2 887
Reduced with: cash and cash equivalents	16 434	14 612
Net debt capital	(13 696)	(11 725)
Total equity	31 498	35 374
Total capital	17 802	23 649
<b>Debt ratio</b>	<b>0,00%</b>	<b>0,00%</b>

As the cash is larger than the debt capital, the company has no indebtedness.

**11. Fair values**

For the purposes of disclosing fair value, the Company determines different classes of assets and liabilities depending on their nature, characteristics and risk and the respective level of the fair value hierarchy specified in item 3.15 from the Notes to the financial statements.

The Company's management has determined that the book values of cash and cash equivalents, receivables from affiliated companies, liabilities to affiliated companies, trade receivables and payables approach their fair values due to the short-term nature of these financial instruments.

The attached table shows the book values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. Fair value information is not included if the book value is reasonably close to the fair value.

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The table below presents the hierarchy of the fair value of the Company's assets and liabilities in accordance with IFRS 13:

<b>As of December 31, 2021</b>	<b><u>Book value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
<b>Financial assets</b>				
Long term receivables	2 054	-	-	-
Other long - term capital investments	2 624	2 624	-	-
Cash and cash in bank	16 434	-	-	-
Receivables from related companies	1 769	-	-	-
Trade receivables	3 325	-	-	-
<b>Total:</b>	<b>26 206</b>	<b>2 624</b>	-	-
<b>Financial liabilities</b>				
Bank loans	1 900	-	1 737	-
Trade liabilities	147	-	-	-
Other liabilities	665	-	-	-
<b>Total:</b>	<b>2 712</b>	-	<b>1 737</b>	-
<b>As of December 31, 2020</b>	<b><u>Book value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
<b>Financial assets</b>				
Assets classified as held for sale	3 906	-	-	3 906
Other long - term capital investments	6 566	6 566	-	-
Cash and cash in bank	14 612	-	-	-
Other receivables	55	-	-	-
Receivables from related companies	2 371	-	-	-
Trade receivables	3 055	-	-	-
<b>Total:</b>	<b>30 565</b>	<b>6 566</b>	-	<b>3 906</b>
<b>Financial liabilities</b>				
Liabilities to related companies	0	-	-	-
Deposit received from group companies	0	-	-	-
Bank loans	2176	-	1 758	-
Trade liabilities	10	-	-	-
Other liabilities	675	-	-	-
<b>Total:</b>	<b>2 861</b>	-	<b>1 758</b>	-

There was a transfer from Level 3 to Level 1 during 2020, representing a long-term financial investment in shares, which became listed on a regulated market.

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The fair value of the financial liabilities included in Level 2 in the table above is determined in accordance with the generally accepted valuation model based on discounted cash flows.

**12. Other Information**

For other important information see point 9 from the Report on business activities of Allterco JSCo for the fourth quarter of 2021.

**13. Events after the date of the financial statements**

See point 8 from the Report on business activities of Allterco JSCo for the fourth quarter of 2021.