

**CORPORATE GOVERNANCE DECLARATION
OF ALLTERCO JSCo
IN ACCORDANCE WITH THE PROVISIONS OF
ART. 100N, PARA. 8 OF THE PUBLIC OFFERING OF SECURITIES ACT**

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

After the registration of ALLTERCO JSCo in November 2016 as a public company, the company and its management comply, where appropriate, with the National Corporate Governance Code. Some of the recommendations of the National Code are not yet fully implemented by the corporate management of the company, but the Board of Directors is committed to continue to bring the activities of ALLTERCO JSCo in line with them in 2021.

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

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

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

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

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

In 2020, the activity of the Board of Directors of ALLTERCO JSCo was carried out in full compliance with the regulatory requirements set out in the Public Offering of Securities Act and the acts on its implementation in the Statutes of the Company. The corporate management of ALLTERCO JSCo considers that there are still parts of the National Corporate Governance Code that the Company does not comply with, but in 2021 the management will continue to perform all necessary legal and factual actions to bring the activity in line with the principles and recommendations of the Code, as well as best practices in the field of corporate governance.

The Code is applied on the basis of the "**observe or explain**" principle. This means that the Company complies with the Code, and in case of deviation, its management should clarify the reasons for this.

I. Chapter One – Corporate management

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

Functions and obligations

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

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

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

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

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

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

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

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

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

Election and dismissal of members of the Board of Directors

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

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



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

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

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

During the reporting financial year, ALLTERCO JSCo implemented the Remuneration Policy of the members of the Board of Directors, adopted in 2017 and amended in 2020 by the Annual General Meeting of Shareholders of ALLTERCO JSCo.

The remuneration of the members of the Board of Directors and information on their amount is duly disclosed in the activity report of the Board of Directors as of 31.12.2020, as well as in the Report on the implementation of the Remuneration Policy of the members of the Board of Directors, which are an integral part of the annual financial report of the Company.

Structure and competence

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

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

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

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

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

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

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

shareholders.

After the election of new members of the Board of Directors, they get acquainted with the main legal and financial issues related to the Company's activities.

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

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

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

Remuneration

The Board of Directors has developed a clear and specific policy for the remuneration of the members of the Board of Directors, which was approved by the Annual General Meeting of Shareholders in 2017, amended in 2020 by the Annual General Meeting of Shareholders of ALLTERCO JSCo and sets the principles for forming the amount and structure of the remuneration.

The remuneration of the Executive Member of the Board of Directors consists of a basic remuneration and additional incentives. The additional incentives are subject to clear and specific criteria and indicators regarding the Company's results and/or the achievement of goals set in advance by the Board of Directors. The Board of Directors does not provide shares, stock options and other financial instruments to the executive members of the Board of Directors as additional incentives.

The independent members of the Board of Directors receive remuneration in accordance with the principles for forming the amount and the structure of remuneration set out in the Remuneration Policy adopted by the Annual General Meeting of the Shareholders in 2017 and amended in 2020 by the Annual General Meeting of Shareholders of ALLTERCO JSCo.

The General Meeting of Shareholders of the Company may vote on the additional remunerations of the

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members of the Board of Directors depending on the realized financial results of the Company.

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

Conflict of interests

The members of the Board of Directors avoid and do not allow real or potential conflicts of interest. In the reporting year 2020, no transactions have been concluded between the company and members of the Board of Directors or persons related to them. The Company announced under Art. 114a, para. 9 of the POSA, the majority shareholders and members of the Board of Directors - Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov concluded an Agreement for blocking the currently owned by them a total of 11 552 240 shares of the Company's capital for a period of 3 years from the date of entering 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 agreed among themselves and in favor of the public company. ALLTERCO JSCo agreed to use the stipulations in its favor, namely the right to penalties and/or damages in the event of such occurrences in case of non-performance by the contracting parties in connection with the blocking of their shares.

The commitment of Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov was subject to the successful capital increase of the Company, according to the Prospectus for public offering of 3 million new shares of ALLTERCO JSCo, together with its supplements, as confirmed by the Financial Supervisory Commission. After the successful completion of the capital increase of the Company and its entry in the Commercial Register, Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov submitted applications for blocking the said shares.

The procedures for avoiding and disclosing conflicts of interest are regulated in the bylaws of the Company.

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

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

Committees:

In 2020, the Company has an audit committee elected by the Annual General Meeting of Shareholders with members: Anelia Petkova Angelova - Tumbeva, Kameliya Vasileva Filipova, Albena Benkova Beneva. The Audit Committee performs its functions in accordance with the Statutes adopted by the Annual General Meeting of Shareholders and the requirements of the Independent Financial Audit Act.

II. Chapter Two – Audit and internal control

The Board of Directors is assisted by an Audit Committee.

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

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

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

III. Chapter Three – Protection of the shareholders' rights

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

In the reporting year 2020, the Company held one regular General Meeting of Shareholders, complying with all the requirements of Art. 115 et seq. of the POSA, announcing the decision for its convention and publishing the invitation together with the materials thereto in the manner specified by the law. The shareholders were guaranteed the opportunity to add new items to the agenda under Art. 223a of the Commercial Act. The Statutes of the Company provide for the invitation to the General Meeting to contain the information required under the Commercial Act and POSA, as well as additional information on exercising the right to vote and the possibility to add new items to the agenda under Art. 223a of the Commercial Act.

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

General Meeting of Shareholders

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

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

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

Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the Company in person or through representatives.

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

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

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

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

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



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

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

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

Materials for the General Meeting of Shareholders

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

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

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

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

Equal treatment of shareholders of the same class

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

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

Consultations between shareholders regarding their basic shareholder rights

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

Transactions of shareholders with controlling rights and abusive transactions

The Board of Directors does not allow transactions with shareholders with controlling rights, which violate the rights and/or legitimate interests of other shareholders, including under the conditions of agreement with themselves. Conducting this type of transactions requires an explicit decision of the Board of Directors

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and the interested parties are excluded from the voting. In case of indications for crossing the statutory thresholds under Art. 114, para. 1 of the POSA, the Board of Directors prepares a motivated report and initiates the convening and holding of a General Meeting of Shareholders, at which the transactions are put to a vote.

IV. Chapter Four – Disclosure of information

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

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

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

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

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

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

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

The Company periodically discloses information about the corporate governance.

The Board of Directors of the Company believes that its activities in 2020 created prerequisites for sufficient transparency in its relations with investors, financial media and capital market analysts.

In 2020, the Company disclosed all regulated information within the deadlines and in accordance with the procedure provided for in the Public Offering of Securities Act and the acts on its implementation.

V. Chapter Five - Stakeholders

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

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

ALLTERCO JSCo through its subsidiaries regularly communicates non-financial information with the various stakeholder groups in connection with the corporate socially responsible policy adopted by the Board of Directors.

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

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

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

The main characteristics and principles of operation of the internal control and risk management systems in ALLTERCO JSCo, described below, are applied accordingly to the companies included in the Group.

General description of the internal control and risk management system

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

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

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

Control environment

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

- **Commitment for competence.** The Board of Directors of the company, as well as those involved in the internal control and risk management process, have the relevant knowledge and skills necessary to perform the tasks. The executive members of the Board of Directors monitor the levels of competence required for each specific position and the ways in which those competences become necessary requisites for skills and experience.
- **Participation of persons involved with general management.** The responsibilities of the members of the Board of Directors are stated in the Statutes of the Company and the management contracts. In addition, the Executive Members of the Board of Directors are responsible for supervising the design of the model and the effective functioning of the warning procedures and processes of reviewing the effectiveness of the Company's internal control.
- **Philosophy and operational style of the management.** The philosophy and operational style of the management covers a wide range of characteristics. The attitudes of the members of the Board of Directors and their actions in relation to financial reporting are manifested through the choice of more conservative accounting principles.
- **Organizational structure** Establishing an appropriate organizational structure involves defining an appropriate number of hierarchical levels and defining the basic powers and responsibilities for each of these levels. The Board of Directors assesses the appropriateness of the organizational structure of the Company, taking into consideration the scope and nature of the activities performed.
- **Assignment of powers and responsibilities.** When assigning powers and responsibilities to the employees in the Company, the management takes into account the applicable business practices, knowledge and experience of employees and available resources available in the Company.
- **Policies and practices related to human resources.** When recruiting staff, the Executive members of Board of Directors focus on qualifications, previous professional experience, past accomplishments, and evidence of integrity and ethical conduct. The commitment of corporate management is to hire competent and reliable employees.

Risk assessment process in the Company

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

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



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

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

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

A detailed description of the risks typical for the activity of ALLTERCO JSCo is presented in the section MAIN RISKS, WHICH THE COMPANY FACES in the Report on the Business Activity.

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

The information system, essential for the purposes of financial reporting, which includes the accounting system, consists of procedures and documentation, developed and established for the purpose of initiating, recording, processing and reporting transactions and maintaining accountability; solving problems with incorrect processing of transactions and operations and procedures, for timely correction; processing and reporting of cases of bypassing the systems or overcoming the controls; coverage of information essential for financial reporting operations, such as depreciation of tangible and intangible assets and changes in the collectability of receivables; and ensuring that the financial information required for disclosure is collected, processed, summarized and appropriately reflected in the financial statements.

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

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

Ongoing monitoring of controls

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

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

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

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

SHAREHOLDER	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	32.48%
Dimitar Dimitrov	32.48%
Viktor Atanasov*	6.23%
Other individuals and legal entities	28.81%

**After the end of the reporting period, the Company has received a notification from the shareholder Viktor Atanasov for reduction of his shareholding to 2.09%, as of 12.01.2021, on the basis of which a change should be reported as well as a change in the share of minority shareholders - a total of 32.95%.*

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

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

ALLTERCO JSCo has no shareholders with special control rights.

5.3. Information under Article 10, paragraph 1, letters "f" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

There are no restrictions on the voting rights of the shareholders of ALLTERCO JSCo. To participate in the General Meeting, shareholders must identify themselves with the documents specified in the law, the Statute and the invitation to the General Meeting, certifying their identity and representative power and be registered by a mandate commission in the list of attending shareholders prior to the starting time of the General Meeting.

5.4. Information under Article 10, paragraph 1, letters "h" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the rules governing the appointment and replacement of board members and the amendment of the Articles of Association

Pursuant to the provisions of the Statute of the Company, the General Meeting of Shareholders determines the number, elects and dismisses the members of the Board of Directors and determines the remuneration for their work in it.

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According to Art. 25, para. 1 of the Statutes of the Company, the term of office of the Board of Directors is determined by the General Meeting, but it cannot be longer than 5 years.

The General Meeting of Shareholders may at any time decide to make changes in the number and composition of the Board of Directors, and the members of the Board may be re-elected without restriction. The General Meeting of Shareholders may at any time decide to make changes in the number and composition of the Board of Directors, and members of the Board may be re-elected without restriction. A member of the Board of Directors may be any legally capable consolidated and a legal entity that meets the requirements of the law and has the necessary professional qualifications in connection with the Company's activities.

5.5. Information under Article 10, paragraph 1, letters "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the powers of board members, and in particular the power to issue or buy back shares

The Board of Directors of ALLTERCO JSCo has the following powers:

Discusses and resolves all issues, except those that are within the exclusive competence of the General Meeting of Shareholders, including, but not limited to, the following issues:

- (i) plans and programs for the activity of the Company;
- (ii) organizational structure of the Company;
- (iii) participation in tenders and competitions;
- (iv) adoption of the rules of procedure of the board of directors, as well as changes in these rules;
- (v) election and dismissal of executive members;
- (vi) acquisition of participation in other companies by the Company;
- (vii) opening and closing branches of the Company in the country and abroad
- (viii) acquisition and alienation of real estate and limited real rights owned by the Company;
- (ix) establishing mortgage on the Company's real estate or a pledge on the Company's tangible fixed assets;
- (x) granting loans to unrelated third parties, providing guarantees, taking out guarantees and providing collateral for obligations of unrelated third parties, concluding bank loan agreements (excluding interest and costs due) for an amount of more than 3% (three percent) of the value of the consolidated revenues of the Company, according to the last audited annual financial statements of the Company;
- (xi) concluding of contracts for operational or financial leasing by the Company for amounts over BGN 250 000 (excluding interest and expenses due);
- (xii) disposition of intellectual property rights, including the acquisition, sale and assignment of licenses for the use of patents, know-how and other intellectual property rights (excluding intellectual property rights granted to third parties in connection with providing products and services of end users, within the scope of activity of the Company);
- (xiii) determine the conditions for appointment and adoption of programs for material incentives on an annual basis of key management personnel of the subsidiaries of the Company, namely executive directors, procurators and managers of the subsidiaries of the Company.



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The Board of Directors takes decisions regarding and authorizes the persons who manage and/or represent the Company to conduct transactions with stakeholders within the meaning of Art. 114, para. 2 of POSA, for which no prior authorization by the General Meeting of Shareholders is required.

With Decision of the General Meeting of Shareholders of 29.01.2018, the Board of Directors is authorized within five years from the announcement of the amendment to the Statutes in the Commercial Register to take decisions to increase the company capital to a total nominal amount of 18 000 000 BGN (eighteen million BGN) through issue and public offering of up to 3 000 000 (three million) new dematerialized ordinary registered shares with one vote, with a nominal value of BGN 1 (one) each and an issue value per share, determined with an explicit decision of the Board of Directors of the Company. The increase of the capital by the Board of Directors under Art. 196, para. 1 of the CA may be carried out without a specific due delegation for this by the General Meeting of Shareholders for each specific case, but entirely on the basis of the powers granted to them in the Statutes.

According to amendments in the Statutes, in force from 19.08.2019 it is envisaged to buy back shares, both with decision of the General Meeting of Shareholders (with a majority of the represented capital) and decision of the Board of Directors (with a majority of 2/3 of the members of the Board), explicitly authorized for this in the Statutes of the Company, and this authorization is valid for 5 years, starting from 15 August 2019. The decision determines the minimum and maximum number of shares subject to repurchase; the conditions and the order under which the Board of Directors carries out the repurchase within a certain term not longer than eighteen months from the date of the decision; the minimum and maximum value of one share for repurchase, as well as the investment intermediary through which repurchase will be performed.

6. Members and functioning of the administrative, management and supervisory bodies of ALLTERCO JSCo and their committee

ALLTERCO JSCo has a one-tier management system. The Company is managed and represented by a Board of Directors, which, as of the date of preparing this declaration has the following members, according to a decision of the General Meeting of Shareholders of 21.09.2020:

Dimitar Stoyanov Dimitrov;
Svetlin Iliev Todorov;
Nikolai Angelov Martinov

The Board of Directors of ALLTERCO JSCo elects a Chairperson and a Deputy Chairperson from its members. The Board of Directors meets at regular meetings at least once in three months to discuss the state and development of the Company. Each member of the Board may request the Chairperson to convene a meeting to discuss specific issues.

The decisions under subitems (v) - (xiii) of item 5 above, as well as the decisions pertaining to transactions with stakeholders are taken unanimously by all members of the Board of Directors. The other decisions of the Board of Directors are taken with a majority of more than half of all members of the Board of Directors. A quorum at meetings of the Board of Directors is present if the number of members present at the meeting



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is sufficient to make decisions on the items on the agenda. If a quorum is not present on any of the items requiring a qualified majority, the lack of a quorum is noted in the minutes and this item is not considered at the meeting.

The Board of Directors may take decisions in absentia.

7. Description of the diversity policy applied in relation to the administrative, management and supervisory bodies of ALLTERCO JSCo in connection with aspects such as age, gender or education and professional experience, the objectives of this diversity policy, the manner of its implementation and results in the reporting period; where no such policy is applied, the declaration contains an explanation of the reasons for this.

The company has not developed a special diversity policy with regard to the administrative, management and supervisory bodies of the company in relation to aspects such as age, gender or education and professional experience, as it falls within the exceptions of Art. 100n, para. 12 of the POSA.

However, there are long-established practices that can be classified as a diversity policy with regard to the governing bodies regarding aspects such as age, gender or education and professional experience.

In essence, these practices form the Company's diversity policy of the management bodies in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy.

The adopted practices require the Company to apply a balanced policy for nominating members of the corporate management who have education and qualifications that correspond to the nature of the company's work, its long-term goals and business plan.

The adopted practices of the Company encourage the pursuit for gender balance at all management levels.

The Company does not discriminate against members of corporate management on the basis of age.

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Dimitar Dimitrov
Executive Director of ALLTERCO JSCo

