

### **XIII. ANALYSIS AND CLARIFICATION OF THE INFORMATION UNDER ANNEX 11 TO ORDINANCE No 2 BY THE FINANCIAL SUPERVISION COMMISSION**

#### **1. Structure of the company's capital, including securities not admitted to trading on a regulated market in the Republic of Bulgaria or another Member State, with indication of the different classes of shares, rights and obligations pertaining to each of the classes of shares and the share of the total capital, which makes up each class**

As of the end of the reporting period, the capital of Allterco JSCo amounts to BGN 17 999 999 (seventeen million nine hundred and ninety-nine thousand nine hundred and ninety-nine) divided into 17 999 999 (seventeen million nine hundred and ninety-nine thousand nine hundred and ninety-nine) ordinary registered, dematerialized voting shares with a nominal value of BGN 1 each. All shares of the company are of one class and each share gives the right to one vote in the General Meeting of Shareholders, the right to dividend and liquidation share, proportional to the nominal value of the share. At the end of the reporting period the entire capital of the company is registered for trading on the Bulgarian Stock Exchange.

As a result of a successful capital increase through an initial public offering of shares, the capital was increased by 2 999 999 (two million nine hundred and ninety-nine thousand nine hundred and ninety-nine) against 2 999 999 (two million nine hundred and 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 Initial 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 28.09.2020 - 30.10.2020 on the basis of a Prospectus, together with its amendments, confirmed by the Financial Supervision Commission with Decision No 148-F of 18.02.2020, Decision No 405-E of 11.06.2020, Decision No 601-E of 13.08.2020 and Decision No 791-E of 29.10.2020.

The Company has not issued any other securities that are not admitted to trading on a regulated market in the Republic of Bulgaria or another EU Member State. As of the date of preparing this document, the entire issue of shares of ALLTERCO JSCo is traded on BSE Sofia AD.

As of the date of preparing this Report, the Company has started a process of listing its shares on the Frankfurt Stock Exchange.

**As of the end of the reporting period, the capital structure of ALLTERCO JSCo is as follows:**

**Table No 17**

<b>SHAREHOLDER</b>	<b>PERCENTAGE OF THE CAPITAL</b>
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 its 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%.*

## **2. Restrictions on transfer of securities such as restrictions on holding securities or need to obtain approval from the Company or other shareholder**

All shares of the Company are transferred freely, without restriction, subject to the provisions of the Bulgarian legislation in force. The transfer of shares issued by the Company shall be effective from the moment the transaction is entered in the register of the Central Depository, which issues a document certifying the rights over these shares. Acquisition and ownership of shares in the capital of the Company does not require the approval of the Company or another shareholder.

The Company has announced under Art. 114a, para. 9 of the Public Offering of Securities Act that the majority shareholders and members of the Board of Directors - Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov have entered into an Agreement for blocking the total of 11 552 240 shares of the Company's capital for a period of 3 years currently owned by them as of the date of entering the capital increase in the Commercial Register. Under certain conditions, after expiry 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 such occur from non-performance by the contracting parties in connection with the blocking of their shares.

Insofar as the commitment was subject to the successful implementation of capital increase, after its completion and entry of the increase in the Commercial Register, Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov submitted applications for blocking the specified shares.

## **3. Information on direct and indirect holding of 5 percent or more of the voting rights in the Company's General Meeting, including details of the shareholders, the size of their shareholding and the way in which the shares are held.**

Information on the direct and indirect ownership of 5 percent or more of the voting rights at the Company's General Meeting is presented in Table 17. The Company has no other shareholders who directly or indirectly hold 5 percent or more than 5 percent of the voting rights at the General Meeting.

## **4. Details of shareholders with special control rights and description of these rights**

Allterco JSCo has no shareholders with special controlling rights.

## **5. Control system for exercising the right to vote in the cases where employees of the Company are also its shareholders and when the control is not directly exercised by them**

The Company does not have a control system for exercising voting rights in cases where employees of the Company are also its shareholders and when the control is not directly exercised by them. Any employee who is a shareholder votes at their own discretion.

## **6. Limitations on voting rights, such as limitations on the voting rights of shareholders with a certain percentage or number of votes, deadline for the exercising voting rights or systems in which, with the cooperation of the Company, the financial rights attached to the shares are separated from holding the shares.**

There are no restrictions on the voting rights of the shareholders of Allterco JSCo, such as restrictions on voting rights of shareholders with a certain percentage or number of votes, deadline for exercising voting rights or systems in which, with the cooperation of the company, the financial rights attached to the shares are separated from holding the shares.

**7. Agreements between the shareholders which are known to the Company and which may result in restrictions on the transfer of shares or voting rights**

The Company has announced under Art. 114a, para. 9 of the Public Offering of Securities Act that the majority shareholders and members of the Board of Directors - Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov have entered into an Agreement for blocking the total of 11 552 240 shares of the Company's capital for a period of 3 years currently owned by them as of the date of entering the capital increase in the Commercial Register. Under certain conditions, after expiry 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 such occur from non-performance by the contracting parties in connection with the locking-up of their shares.

The commitment of Svetlin Iliev Todorov and Dimitar Stoyanov Dimitrov was subject to the successful increase of the company capital, as per the Prospectus for public offering of 3 million new shares of Allterco JSCo, together with its supplements, as confirmed by the Financial Supervision 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 Company is not aware of any agreements between shareholders in force as of the date of preparation of this document, which may lead to restrictions on the transfer of shares or the right to vote.

**8. Provisions on the appointment and dismissal of the members of the management bodies of the Company and on amending and supplementing the Statutes**

In accordance with the provisions of the Statutes of the Company, the General Meeting of Shareholders amends and supplements the Statutes of the Company as well as determines the number, elects and dismisses the members of the Board of Directors and determines the remuneration for their work in the Company. The Board of Directors is elected for a term not exceeding 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 members of the Board may be re-elected without restriction. A member of the Board of Directors may be any legally capable individual and a legal entity.

Only the General Meeting of Shareholders may amend and supplement the Statutes of the Company.

**9. The powers of the management bodies of the Company, including the right to take decisions for the issue and redemption of shares of the Company**

The Board of Directors meets at regular meetings at least once in three months to discuss the status and development of the Company. Each member of the Board of Directors may request the Chairperson to convene a meeting to discuss particular issues.

The Board of Directors approves the organizational and management structure and the internal rules of the Company.

The Board of Directors takes decisions to open and close branches and to participate or terminate participation in commercial and civil companies in the country and abroad, to acquire and alienate real estate and real rights, to use loans, to provide guarantees and to take over guaranteeing, acquiring or granting licenses,

concluding credit agreements with third parties, agreements for establishing a pledge and mortgage on the tangible fixed assets of the Company.

The Board of Directors discusses and resolves all issues other than those within the competence of the General Meeting.

The Board of Directors may take decisions in absentia by a protocol signed by all its members.

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 Commercial Act may be carried out without a specific delegation for this by the General Meeting of Shareholders for each specific case, but entirely on the basis of the powers granted to the board by the Statute.

According to Art. 18 the Statute the company may acquire more than 3% of voting shares within one calendar year in cases of reduction of the capital through cancellation of shares and redemption only under the conditions and by the order of trade offering under Art. 149b of the Public Offering of Securities Act. In this case, the requirements for holding at least 5% of the voting shares and a minimum redemption amount of more than 1/3 of the voting shares do not apply.

Acquisition of more than 3% of own shares with voting rights in the cases of reduction of the capital by buyback within one calendar year is allowed only under the conditions and by the order of tender offer under Art. 149b of the POSA.

It is not necessary to submit a tender offer if the acquisition of own shares is up to 3% within one calendar year, and the Statute provides for repurchasing of shares to be carried out as decided by the General Meeting of Shareholders (by majority of the represented capital), as well as by decision of the Board of Directors (by a majority of 2/3 of the members of the Board), explicitly authorized for this in the Statute of the Company, and this authorization is valid for 5 years, starting from 15 August 2019. The decision shall determine 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.

**10. Substantial contracts of the Company that are effective, altered or terminated due to a change in the Company control in the course of a mandatory tender offer and the consequences thereof, unless the disclosure of such information could cause serious damage to the Company; exception under the preceding sentence shall not apply in cases where the Company is obliged to disclose the information under the law**

The Company has not entered substantial contracts that are effective, amended or terminated due to change in the Company control in the course of a mandatory tender offer.

**11. Agreements between the Company and its Managing Authorities or Employees for payment of compensation upon leaving or dismissing without legal basis or upon termination of the employment relationship for reasons related to tender offering.**

There are no agreements between the Company and the members of its Board of Directors and employees of the Company for payment of compensation in case of leaving or dismissal without legal basis or termination of the employment relationship for reasons related to tender offering.

#### **XV. OTHER INFORMATION AT THE COMPANY'S DISCRETION**

In connection with the need to limit and control the spread of coronavirus (COVID-19) in the country, from 13 March to 13 May 2020, a state of emergency was declared in Bulgaria, and after this period – an emergency epidemic situation. The restrictive measures taken by the government throughout 2020, which were mandatory for all individuals and legal entities, could lead to a decline in revenues, as well as to a reduction and slowdown in the cash flows generated by the Company. As a consequence can be expected reduction in the solvency of the Company, which will be reflected in the annual financial statements as of 31 December 2021.

In the reporting year 2020, the management successfully implemented certain stabilization measures, which limit the negative financial effect on its business. As a result of these measures no deterioration of the financial state of the Group is to be found. Right in opposite, the Company and its subsidiaries, which operate in business fields that are not affected by the crises, have improved their financial indicators. The Company also relies on a similar effect in 2021, so that if the emergency situation continues, this will not have a significant negative impact on its ability to continue its activities as an operating enterprise.

During the reporting period the Company has raised capital through a successful initial public offering of ne shares, which will additionally increase the financial stability of the Group.

The Company considers that there is no other information that is not publicly disclosed by the Company and that would be important to shareholders and investors when making an informed investment decision.

Date: 31 March 2021

Executive Director:

(Dimitar Dimitrov)

